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NEWS SUMMARY

ENERAL

Seretse Khama snubs Amin

otswana became the first Black frican state to express disleasure with General Amin nd did so in a manner that ould have repercussions for AU if others follow.

President Seretse Khama nounced his country would not ke part in the annual OAU eetings due to be held in ampala in July. This was beuse of Amin's "apparent disgard for the sanctity of life." This clearly refers to the case British lecturer Dennis Hills, cing a Uganda firing squad.

London, the Foreign Office nied Amin's latest claim that lls is a spy.

It is customary for the Head State of the OAU summit's st country to become President the Organisation.

Reuter says Kenya Police yesrday inspected five Soviet-made nk transporters carrying moured vehicles fitted with rface to air missiles on their y from Mombasa to Uganda. ge 5

ord Lucan: a resh trail

he two senior detectives hunting Lord Lucan for murder are nvinced he is alive and living France. They reached this nclusion after hotel staff in herbourg recognised the missg peer from a photograph olice showed them.

Police believe he has visited e Grand Hotel there several mes in recent months. The arch has now been extended cross North-west France.

Beira patrol off

The Beira patrol, probably the oyal Navy's most dauntingly oring task in recent years, has een ended following the indeendence of Mozambique. For ine years, RN ships have taken urns to patrol up and down the ozambique channel to prevent il reaching the Rhodesians hrough Beira port. Page 5

Labour men for Europe

A careful balance between pro- nd anti- and Left and Right has een struck by Labour in its list f 12 MPs and six peers for its lelegation to the European Parliament. Leader will be either Mr. Michael Stewart or Sir Geoffrey de Freitas.

MP 'gag' ruling

A Speaker's ruling is expected oday on whether statements by Mr. Arthur Scargill, president of the Yorkshire area of the NUM, alling on union-sponsored MPs irtually to "toe the line," contitutes a breach of Parliamenary privilege. The issue is based n a union resolution saying none of the MPs should speak gainst union policy.

Editorial comment, Page 20; Parliament, Page 10

People, places

The man whose rape case was witched from Mr. Justice Christmas Humphreys on Monday, was cquitted yesterday. In Cambridge, van driver Peter Cook was ommitted in custody for trial at Norwich on rape charges.

Man aged 88 is helping police fter another aged 73 was killed nd one aged 79 was injured in a Blackheath old peoples' home.

Seven mineworkers were killed nd nine others trapped in a ockhurst deep down a goldmine ear Johannesburg.

Mark Bonham Carter has been ppointed a governor and vicehairman of the BBC. Page 9

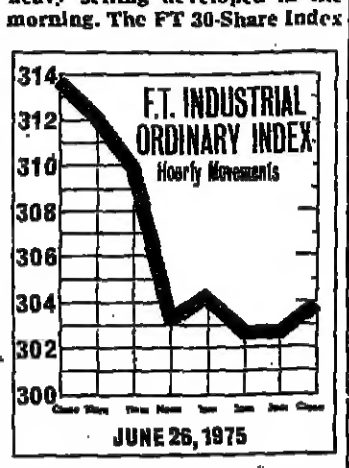
In red hot form on a sizzling day, hampion Jimmy Connors disosed of Britain's No. 1, Mark Cox, in straight sets at Wimbleon. Page 13

Fighting led referee Sergio Vasquez to send off 19 players in friendly Santiago soccer international and rule the game nded with Chile leading Uruguay 3-1.

BUSINESS

Weak £ pushes equities down 9.9

● EQUITIES were unsettled by fresh weakness in sterling and heavy selling developed in the morning. The FT 30-Share Index



closed a little above the day's low at 303.8, down 9.9, and a fall of 61.5 points in the past 15 trading days.

● GILTS turned down sharply, again on sterling's weakness, with losses of up to ¾. The Government Securities Index closed 0.27 lower at 58.87.

● STERLING fell 135 points to $2.2430: its weighted depreciation was 27.1 (26.8) per cent., a new low. Dollar's fall narrowed to 6.35 (6.40) per cent.

● GOLD fell $¼ to $164¼.

● WALL STREET closed up 1.41 at 874.14 on further evidence from the composite index of leading U.S. indicators that the U.S. recession had passed its nadir. Page 4

● SUBSIDIES on essential goods, an employment premium and a surcharge on personal income tax are the main elements of the Irish Republic's second Budget this year. Back Page

● BSC manual workers settled last night for a 24 per cent. pay rise. But the deal will run for only seven months Back Page

● BRITISH GAS CORPORATION has been granted two loans totalling £24.2m. by the European Investment Bank to finance a pipeline from the Frigg North Sea field.

Leyland offers near equality

● BRITISH LEYLAND offers employees almost equal control in the reorganised corporation, but retains management's rights to the final decision in the event of no agreement by a joint board. Back Page

● GOVERNOR of the Bank of England warns that the U.K.—besides curbing inflation—must achieve a basic redirection of economic activity. Back Page

● TRADING PROFITS of 408 industrial companies in the latest Financial Times survey rose by 48 per cent. compared with a previous rise of 9.7 per cent. Page 41

COMPANIES

● ATV Corporation pre-tax profits fell more than £1.5m. to £5.75m. for the year to end-March. The dividend is cut from 5.1275p to 3.9p. Page 32 and Lex

● RACAL ELECTRONICS taxable profits for the year ended March 31 reached £9.56m. compared with a forecast of more than £8m., and last year's £6.25m. Page 31 and Lex

● TOYO KOGYO, Japan's third biggest car maker, reports a loss of £16.6m for the six months ended April. The second half-year should show a definite improvement. Page 34

Mrs. Gandhi jails opposition leaders in plot allegations

BY K. K. SHARMA, NEW DELHI CORRESPONDENT

In a dramatic and totally unexpected move, Mrs. Indira Gandhi yesterday *clamped a state of emergency* on India and put nearly 700 prominent Opposition leaders in jail after declaring there was a plot to oust her and create instability in the country.

There has been a technical state of emergency in the country since the war over Bangladesh in 1971, so apparently Mrs. Gandhi's act was meant to heighten the urgency of the steps that she has initiated and to make them appear credible.

The emergency, proclaimed by President Fakhruddin Ali Ahmed on the advice of Mrs. Gandhi and her Cabinet, was announced on the grounds that there was "a threat of internal disturbances threatening the security of India."

In an unscheduled broadcast, Mrs. Gandhi did not refer to the dawn swoop on Opposition leaders—including the Sarvodaya (peace) leader, Mr. J. P. Narayan—but spoke of the "paramount duty to safeguard unity and stability and the nation's integrity."

There was a news blackout soon after the announcement of the emergency, and international communications with New Delhi were cut in the evening.

The only source of news after the breakdown of communications with New Delhi was All India Radio, which reported that the number of arrests was about 700. BBCs correspondent in New Delhi reported that the situation in the Indian capital was "calm" and that there were no signs of any kind of revolt against Mrs. Gandhi. But there was some "hooliganism" in Ahmedabad, capital of Gujarat State where recent elections went against Mrs. Gandhi's Congress Party.

An official spokesman said that a total of 676 Opposition and

The Generals will obey Page 5
India's state of emergency, Page 20

other political leaders had been arrested, 90 of whom were taken into custody in New Delhi. He also reported stray, but not serious, incidents in some towns. Justifying the emergency, he said the proclamation stemmed from "a programme of action contemplated by groups whose leaders were taken into custody." The programme, he claimed, was aimed at disturbing public order, the economy, communications and law and order generally.

Because of the silence from India, several questions remain unanswered. These include how long the emergency will continue, whether or not Parliament will be allowed to function or whether it stands dissolved and—most important—whether the Supreme Court hearing of Mrs. Gandhi's appeal against her conviction for electoral offences by the Allahabad High Court will be heard on July 14 as scheduled.

It seems certain, however, that Mrs. Gandhi will not allow the Opposition to function. Among those arrested were leaders of all Right-wing parties: Mr. Morarji Desai, a former Deputy Prime Minister who, as leader of his own "Congress" successfully won the recent Gujarat elections; Mr. Raj Narain, the socialist whose election petition against Mrs. Gandhi was allowed by the Allahabad High Court; and "dissident" members of her own Congress party.

Since the emergency and the arrests came on the day when the combined Opposition were to begin a "non-violent" countrywide agitation seeking Mrs. Gandhi's resignation on the ground that the Supreme Court had not given an absolute stay of the lower court's judgment against her, there seemed to be some basis to the fear that Mrs. Gandhi wants to impose a single-party political structure for at

Continued on Back Page

Shipyard nationalisation has top priority—Short

BY JOHN BOURNE AND CHRISTIAN TYLER

IN THE FACE of angry reactions from trade union leaders to suggestions that the nationalisation of the shipbuilding and aircraft industries would be dropped from the present session of Parliament, Mr. Edward Short, Leader of the House, assured Labour MPs yesterday that the Government would proceed with the Bill "as a top priority."

It is understood that the Government has decided after all to try to have the second reading of the Bill this session, even if it means squeezing it into the short "overspill" in the autumn.

Earlier, Mr. Eric Varley, Industry Secretary, contacted the Confederation of Shipbuilding and Engineering Unions, which is holding its annual conference in Hastings, to assure Mr. Jack Service, general secretary, that the reports of delay did not emanate from his department.

Mr. Varley said he would meet the shipbuilding committee of the Confederation next Tuesday at the Department in London, to explain the position. The message was relayed to delegates to the conference, who were in the middle of debates about nationalisation.

One Confederation executive member said a meeting with the Prime Minister should be requested to see what his intentions were.

Mr. Rob McCusker, assistant general secretary of the Association of Scientific Technical and Managerial Staffs, said it was not merely a question of delay, but whether the Bill would become law.

He detected a clear link between the delay and the transfer of Mr. Anthony Wedgwood Benn, former Industry Secretary, to Energy after the EEC referendum, and of his Under Secretary, Mr. Michael Meacher, to the Department of Health.

The Confederation carried a motion from the Boilermakers Amalgamation insisting on full discussions with the trade unions at all levels over the future of the two industries.

Incensed

An ASTMS amendment—framed some time ago—demanding that the legislation be pressed through Parliament "as a matter of great urgency" was similarly carried.

Mr. Danny McGarvey, Boilermakers' president, was incensed at the news that the moderate Manifesto Group of Labour MPs was to plead with the Minister because the delay would put employers in difficulty.

He said of Dr. Dickson Mabon, chairman of the group, and his colleagues: "The sooner these bloody parasites get off our backs, the better for the Labour movement."

Our Industrial Staff writes: The British aerospace and shipbuilding industries gave a warning yesterday that any decision to delay nationalisation might create a vacuum in which confidence would evaporate.

The British aerospace industry as a whole remains opposed to the principle of nationalisation. But any delay would be another blow to the confidence of customers.

British shipbuilders agree with the view of the shipbuilding group of Labour MPs that Mr Varley should establish the Government-appointed organising committee immediately to advise and supervise the shipbuilding and aircraft industries during the period before nationalisation.

There is total uncertainty in the shipbuilding industry about whether to go ahead with or to postpone investment projects.

There is also reluctance by bankers and other sources of capital to invest in British shipbuilding until a clear statement of Government intent is known about its plans.

Editorial Comment, Page 20

New SKF move on Sheffield bid

BY DAVID BELL

SKF, ONE OF two companies bidding for control of Sheffield Twist Drill and Steel, last night extended its offer for another week and promised a "further announcement" as soon as Thorn Electrical Industries, the rival contestant, issues its detailed offer.

Last week, Thorn made it clear it intended to offer 91p for each Sheffield Twist share compared with SKF's Board-backed offer of 77½p which opened the bidding last month.

It is understood that SKF is waiting to see what assurances Thorn is prepared to give about future employment at Sheffield Twist

However, SKF feels under an obligation to Sheffield Twist, which it approached in the first place, and it appears likely that an offer roughly matching Thorn's will be forthcoming soon after the Thorn offer document.

SKF at present owns or has acceptances in respect of 38.42 per cent. of Sheffield Twist's Ordinary share capital while Thorn has just under 14 per cent.

The Thorn document is expected to go out to shareholders some time next week and it is understood that it will make employment guarantees very similar to those already made by SKF, which has never made an employee in the U.K. redundant.

SKF, which has been very sensitive about its involvement in Britain since its attempt to acquire Ransome and Marles was effectively blocked in 1969 by the Industrial Reorganisation Corporation, is believed particularly to resent any suggestion that it ought to be excluded from expanding in Britain on the grounds that it is a foreign company.

Thorn, whose cutting-tool subsidiary Clarksons had sales last year of £13m., made its counter-bid for Sheffield Twist, the major British high-speed cutting-tool producer with sales of £19m. last year, after the Government decided not to refer SKF's bid to the Monopolies Commission.

Acquisition of Sheffield Twist will make either Thorn or SKF Europe's largest manufacturer of high-speed cutting-tools and bring either of them within sight of overtaking the two U.S. leaders. Sheffield Twist shares closed unchanged last night at 91½p. Thorn Ordinary and "A" shares both closed down 4p at 156p.

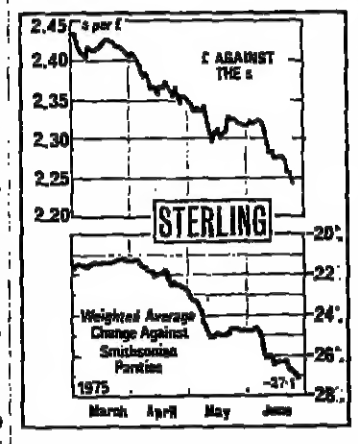
Pound drops again to 27.1%

By William Keegan, Economics Correspondent

THE POUND dropped another 0.3 per cent. in the foreign exchange market yesterday to close at a new all-time low of 27.1 per cent. below December 1971 levels.

Selling of sterling was heavy in the morning, prompting senior London foreign exchange experts to comment that the market was almost entirely one-way at one stage.

After Press suggestions that the Bank of England wanted the pound to fall to $2.18 and intro-



duce an import controls package, sterling opened yesterday at a 27.0 per cent. depreciation, and at one stage hit 27.3 per cent. before recovering to 27.2 per cent. at noon. There was, however, no indication that these suggestions in fact represented the Bank's position.

The Bank of England was seen to be in the market openly in its own name to calm the mood before noon, and reports of large-scale intervention abounded.

It is believed, however, that the U.K. authorities may have gained the maximum publicity for their steadying actions yesterday at relatively little expenditure of reserves, and that net intervention was less than $100m.

Dollar up

Having closed at $2.2565 in terms of the U.S. dollar on Wednesday, the pound fell to $2.24 at one point—yesterday morning, before recovering to $2.2410 at noon and $2.2430 at the close.

The dollar itself was assisted yesterday by higher U.S. interest rates and the U.S. currency's general rise against other currencies was also working against the pound.

Although yesterday morning's movement of sterling was particularly influenced by one Press report, this came at a time when the markets were in any case very concerned about U.K. inflation and the Government's progress towards a new anti-inflationary package.

Wilson: TUC plan a basis to build on

BY JOHN BOURNE AND JOHN ELLIOTT

THE PRIME Minister yesterday gave his full-hearted welcome to the TUC's six-point plan for dealing with inflation. This was followed by an impassioned plea to the miners and other TUC unions to unite in a "measure of sacrifice for a short period" from Mr. Jack Jones of the Transport Workers.

At the same time Mr. Jones repeated publicly during a television broadcast the attack he launched in the TUC General Council on Wednesday against members of the present Cabinet who might copy Labour movement "traitors" of the past and go into a coalition with political opponents.

Delivering his welcome to the TUC's six "guiding principles" during question time in the Commons, Mr. Wilson stressed that the Government now had something "very important on which to build."

But it would, he said, want to discuss the plan and would have to push on the work with urgency. Mr. Wilson also made it clear that the Cabinet would have to ensure that the final counter-inflation package was "workable and effective."

He described the TUC general council's proposals as a big step forward, because the union leaders were talking about relating wage settlements for the next year to a target for price increases, and not to the needs of the previous year.

The Prime Minister rejected utterly the deliberate use of unemployment or a purely monetarist solution to inflation. He also pointed out that the Commons had this week rejected a Liberal MP's Bill calling for statutory incomes policies. "The vast majority of the House recognises that criminal sanctions in these matters have not worked in the past. No one has answered the question of what happens when people are brought before the courts in respect of wage settlements."

Later Mr. Edward Short, leader of the Commons, repeated the promise that the Government's anti-inflation proposals would be made before the Commons rose for the summer recess at the end of next month. He implied that there would also be time for a full-scale debate on the proposals.

Privately some senior Ministers are describing the TUCs plan as a very remarkable advance and a real shift of attitude on anything the unions have produced before. But they emphasise that it would need to be tightened up to make it workable and seen to be workable. They concede that something must be done to meet the TUC's demand for certain price controls, and last night Mr. Jones stressed that a price freeze might be needed.

But Ministers argue that industry's profits are now insufficent to allow much room for further price controls. To tighten controls too severely would simply increase unemployment and the number of bankruptcies, they say.

A great deal of work has still to be done on the TUC's plan, but Ministers hope that fresh legislation will not be involved in implementing it. Clearly, if the idea—discussed by the Cabinet last week—of amending the existing Price Code to ensure that companies were unable to pass on excessive wage settlements by raising prices were adopted, this could be implemented by an administrative order.

Yesterday Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, said in a radio party political broadcast that the best way of tackling inflation was "restraining incomes and prices in line with one another, on the basis of the social contract."

One alternative solution was to "cut public expenditure to the bone," she said, adding that there would have to be a cutback in public expenditure "because it has been growing terrifyingly fast and I suspect there's room for some economies." But to solve inflation entirely by reducing public expenditure "would be to solve it by axing our favourite child, the compassionate State." What Britain needed now was a couple of years of sertaint.

Parliament, Page 10

This was not far different from Mr. Jones' impassioned plea on BBC's Newsday programme last night when he appealed for a "measure of sacrifice for a period after which we restore free collective bargaining—this is in fact the only way to sustain collective bargaining."

He also denied that the substantial "pro rata" pay claim drawn up yesterday, by the Confederation of Shipbuilding and Engineering Unions for 2¼m. workers, which implies differential percentage increases, would hit at his flat rate pay scheme, because it only acted on minimum rates and not total earnings. His argument here was not clear but could imply that, when rates were topped up with local negotiations, they should not exceed the flat rate figure eventually agreed.

He also mentioned £40-a-week as the basis for working out the flat rate figure, but did not develop the calculation. A price target of 15 per cent., however, would yield £6 a week as the flat rate basis which is lower than most union leaders have been envisaging but is roughly in line with the Governments' hopes for a wage target. At 15 per cent. however it is too high on prices.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Burtonwood Brewery	38	+ 5
Dorman Smith "A"	119	+ 9
Philips' Lamp	775	+ 17
Vosper	67	+ 4
Attock Oil	64	+ 6
Buffels	£21½	+ 1
De Beers Dfd.	314	+ 6
Harmony	890	+ 30
Kinross	745	+ 25
Northgate Explor.	295	+ 15
Selection Trust	585	+ 15
Utah Mining Austr.	750	+ 25
Vlakfontein	225	+ 15

FALLS

Assod. Cement	134	− 7
Assod. Newspapers	86	− 7
Beecham	267	− 8
Bats	301	− 9
Boots	204	− 10
Bowater	144	− 6
Cavenham	114	− 7
Commercial Union	149	− 9
Courtaulds	115	− 5
Debenhams	64	− 4
Fisons	373	− 8
GEC	117	− 5
Glaxo	327	− 13
GKN	225	− 7
Hawker Siddeley	250	− 10
ICI	259	− 7
IC Gas	340	− 23
Land Secs.	165	− 8
Law Land	62	− 5
Lloyds Bank	218	− 15
Lucas Inds.	97	− 5
Lyon (J.) "A"	152	− 8
MEPC	106	− 9
Metal Box	236	− 8
Nat. Westminster Bk.	216	− 14
Pearl	178	− 10
Royal Ins.	250	− 14
Tate and Lyle	234	− 9
Taylor Woodrow	286	− 12
Ultramar	194	− 8

FEATURES

FT SURVEYS

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LOMBARD

The intellectual way to do it

BY C. GORDON TETHER

"THE CARDINAL problems of our British society," said Mr. Peter Tapsell, MP, addressing a conference on the "Crisis of Authority" earlier this week, "are primarily intellectual problems." And he went on to point out that the problems of investment and exports, two of the main ingredients of Britain's economic unsuccess story, would be quickly overcome if we took the trouble to find out what their components were.

He is, of course, absolutely right. Although countless millions of words have been written and spoken about the inadequacy of Britain's investment performance, there has never been a proper scientific study of what prompts investment decisions. As for exports, almost no attempt has been made until very recently to question the long-accepted assumption that, so long as the £ is allowed to fall far enough to keep our prices competitive, we would eventually get all the custom needed to balance our payments.

Again although we have repeatedly seen how seriously our effective room for manoeuvre is apt to be reduced by encouraging vast quantities of hot money to pile up in this country, no attempt has ever been made to carry out a realistic cost-benefit analysis of the City's involvement in the international banker business.

Not this time

When, then, will we ever learn? Not this time round—to judge, that is, by the character of mainstream comment on what should be done about our plunge into the biggest economic crisis of them all. For nothing could be less intellectual in the circumstances than its tendency to take it for granted that, to get anywhere near succeeding, the required rehabilitation drive must be spear-headed by a stringent programme embracing everything from public sector capital outlays to personal consumption.

We obviously have a serious cost-push inflation problem arising from the unfettered functioning of free collective bargaining on our hands. But, notwithstanding the weight of additional spending power theoretically created by the upsurge in incomes, there are no indications that we are threatened by that other inflationary evil—demand-pull.

And there are two things of great relevance to this picture that our experiences during the past ten years should have taught us. One is that cost-push and demand-pull are not, as was once supposed, two heads of the same animal. The other is that it does not help to cure the cost-push variety—and may even be counter-productive—to tackle it with the traditional remedy for demand-pull. Which is, of course, retrenchment.

There is a self-evident need to make an all-out onslaught on the cost-push problem in the only way that it can be effectively tackled in a modern context—with an incomes and prices policy. And it is something that this is at last coming to be recognised.

The story of the past year, with incomes rising at a record pace even though recession tendencies were becoming sufficiently marked to set the unemployment figures soaring hardly suggests that taking action to put more people out of work can be expected to operate as an alternative or supplementary deterrent to wage excesses.

No help

There may well be a case on long-term grounds for slowing down the growth of public sector expenditure in both the current and capital account fields. But since this wouldn't do much to help to combat cost-push inflation, it is hard to see what justification there can be for making major cuts of this kind as a crisis corrective.

There is no evidence that, with industrial capacity in this country far from fully extended, a programme aimed at cutting living standards would basically improve the situation on the home front or in the balance of payments field. And it could make matters worse. For one thing, a further slow-down in economic activity could, by both materially increasing Government unemployment relief and precipitating a further drop in the revenue inflow, produce a deterioration in the budgetary situation.

We cannot, of course, provide intellectual answers to our problems in a hurry. But clear evidence that we had at last recognised the need to look for them would do far more to convince the world that we were on the road to recovery than any package of traditional correctives—especially if we demonstrated that we were taking resolute action to contain the payments threat to the £ in the interim by introducing import controls.

RACING — BY DOMINIC WIGAN

Polly Peachum pleases

TWELVE MONTHS ago Mick Easterby sent out Dutch Gold to land the valuable Gosforth Park Cup at Newcastle and he must have high hopes that another of his sprinters, the much-improved *Polly Peachum* will be capable of following up in the corresponding event (7.35) this evening.

Polly Peachum, an attractive bay daughter of Singing Strand, put up a highly satisfactory performance on her reappearance this term, when a close fourth to Yonge St. Clare in the highly competitive Spring Cup at York in the middle of May.

On her only subsequent appearance she showed the benefit of that York outing by taking the £4,000 Amoco Handicap 10 days later.

Sent into the lead one and-a half furlongs from home in the Amoco Handicap, *Polly Peachum*, ridden by Edward Hide in preference to four of the other ten runners, quickly forged clear to pass the post one and a half lengths ahead of Roman Warrior—a distance which could easily have been doubled had Hide so wished.

In what could well result in another closely fought finish to this valuable prize, I hope to see *Polly Peachum*, on whom Geoff Lewis deputises for the injured Hide, oblige at the main expense of Roman Warrior, opposing on 6 lbs better terms than in the Amoco Handicap, and White Hope, who showed signs of a return to his best form when keeping on gamely to take third place behind Import over six furlongs at Lingfield early this month.

Just under an hour before

NEWCASTLE
6.45 Henriette Ronner
7.35 Polly Peachum*
8.05 Rustinge

LINGFIELD
2.00 Disputed Gift
2.30 Hayloft***
3.00 French Princess
3.30 Curtains**
4.00 Limpopo
4.30 Fastpad

DONCASTER
6.45 Self Satisfied
8.05 Bottom
8.35 Gambela
9.05 Skip

partnering Roman Warrior, Johnny Seagrave will be aboard Merry, the probable favourite for the Fawdon Fillies' Plate (6.45).

Although Jack Ormston's Jukebox filly must be respected on her recent third-placed effort behind Claudio Nicolai and Hot Symphony in the Cavo Doro Plate at York, I have slightly more regard for *Henriette Ronner*, a fast-finishing third of 13 behind Corriefeol and Virginia Wade at Yarmouth on her second and last appearance.

Ron Hutchinson really does "double stints," and it could be significant that the veteran Australian jockey has decided to take in this evening's Doncaster programme after riding at Lingfield (where *Hayloft* ought to provide Lester Piggott with a winning comeback in the Wadhurst Plate (2.30)).

Hutchinson's best prospects on the Yorkshire course could well be the lightly raced *Bottom*, whom I expect to see land the one-mile Stockil Plate (8.05).

This good-looking half-brother to the Irish sprinter, Peter's Peace, need only reproduce the form which enabled him to finish a close third of 21 to Rebec at Newbury in April to take care of this evening's weak opposition.

A second possible winner for *Bottom's* trainer, John Dunlop, and Hutchinson, is that popular ten-year-old, Daniel, in the Londesborough Handicap (8.35).

However, a slightly better proposition here, to my mind, is the American-bred *Gambela*, who showed signs of returning to his smart form of 1974 when making much of the running before fading close home in another Londesborough Handicap (one at Beverley) just over a fortnight ago.

SALEROOM — BY ANTONY THORNCROFT

Phillips stirs up the markets

IN ONE of the most dramatic moves among the London salesrooms for some years Phillips, the third largest auction house with a turnover in 1973-74 of £10.43m., is going against the lead of its two larger competitors, Sothebys and Christies, in refusing to introduce a 10 per cent. premium for buyers. But it is agreeing with them by reducing its commission for sellers to 10 per cent.

Phillips believes the decision to introduce to the U.K. a buyers' premium, which is common on the Continent, could affect the dominance of London as an international art market. It expects that the cut in its commission on objects sold, which has been a basic 12½ per cent., will hit turnover in the short-term, but eventually the better prices achieved at Phillips (because buyers will not have to hand over 10 per cent. to the saleroom) will soon increase the lots handled and the saleroom's business.

Phillips claims that already some major items are coming its way and it will in fact reduce its commission on very valuable lots to less than 10 per cent. The lower commission will also apply to Glendinning, the coin auctioneer, and to sales of stamps, which were charged 15 per cent. commission. Phillips has been better able to maintain its profits than Sotheby's and Christie's in the past year and expects to hold 480 sales in London in 1975.

At Sotheby's yesterday there was another very successful sale

Wine sale, Page 9

of silver, which realised £218,946. Some 98 lots, the property of the Duke of Kent, were sold for £116,081, including a pair of William III silver gilt wine bottles by Jonathan Bodington, 1699, which were bought by Howe of Edinburgh for £62,000, over double their estimate. In 1924 they had sold at Christie's for 1,000 guineas.

Among the other Royal items were a pair of George IV silver gilt three light candelabra, 1825, which also more than doubled their forecast at £6,800, and a heavy George III soup tureen cover and stand by Paul Storr, which made £5,500. Many of the lots were fresh on the market, which helped to boost prices.

At Sotheby's Belgravia there was a sale of early photographic images and related material which realised £62,564. The most intriguing item was an album of 111 photographs by Julia Margaret Cameron which was sold to H. Lunn, a Washington dealer, for £20,000. It did not rival a previous Cameron album, which sold for a record £52,000 last autumn, because there were fewer studies of personalities.

Another American buyer paid £1,600 for Volume II of "Alfred Tennysons Idylls of the King and other poems illustrated by Julia Margaret Cameron." The highest price for an individual print was the £950 paid by an American collector for a rare salt print of an old farmhouse taken in 1852 by the Frenchman Numbert de Molard in 1852.

At Christie's English furniture sold for £129,376, with a highest price of £7,140 for a Millefiori glass table top of around 1700.

TV Radio

† Indicates programme in black and white.

BBC 1

1.05 p.m. Cynfas. 1.35 In the Town. 1.50 News. 1.55 Wimbledon Lawn Tennis Championships. †4.23 Regional News (except London). 4.25 Play School. 4.50 Devlin. 5.10 Young Film Makers 1975. 5.40 Captain Pugwash.
5.45 News.
†6.00 Nationwide.
6.15 Wimbledon Lawn Tennis.
7.15 The Wonderful World of Disney.
8.00 It's a Knock-out.
9.00 News.
†9.25 "I Confess," starring Montgomery Clift.
10.55 The Dimbleby Talk-in.
†11.30 Regional News.
11.32 Lifeboat 70-002.

All Regions as BBC 1 except at the following times:—

Wales—6.00-6.15 p.m. Wales To-day. 7.15-7.20 Heddiw. 7.20-8.00 Cywain. 10.55-11.30 Week In Week Out. 11.32-12.22 a.m. Rabin, Prime Minister of Israel. †12.22 News of Wales.

Scotland—6.00-6.15 p.m. Reporting Scotland. 11.31-11.32 Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. †11.57 Northern Ireland News Headlines.

England—6.00-6.15 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

†7.05 a.m. Open University.
11.00 Play School.
2.00 p.m. Wimbledon Lawn Tennis Championships.
7.30 Newsday.
7.45 Family Fare.
8.10 The Philpott File.
9.00 Ten from the Twenties.
9.50 The Balloon Game.
10.20 Match of the Day from Wimbledon.
11.10 News Extra.
11.29 Closedown: John Westbrook reads "The Room (for George Seferis)" by C. Day Lewis.

LONDON

10.55 a.m. "Playmates," starring Connie Stevens. 12.00 Elephant Boy. 12.30 p.m. Sally and Jake. 12.45 Hickory House. 1.00 First Report. 1.20 Lunch-time To-day. 1.30 Paint Along with Nancy. 2.00 Good Afternoon Money-Go-Round. †2.30 "Knight Without Armour," starring Marlene Dietrich and Robert Donat. 4.20 Follyfoot. 4.50 Magpie Special. 5.20 University Challenge.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Husband of the Year.
7.30 Romany Jones.
8.00 Caribe.
9.00 The Main Chance.
10.00 News.
10.30 Cinema.
11.00 Police Five.
†11.10 The Friday Film: "Blind Spot," starring Gordon Jackson and Michael Caine.
12.40 a.m. Yellow Pages.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Food File. †2.30 Friday Afternoon Film: "The Law and The Lady." 4.25 The Romper Room. 5.20 Follyfoot. 6.00 About Anglia. 8.00 Police Story. 10.30 Probe. 11.00 Kung Fu. 11.55 Men Who Matter.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 2.30 Friday Matinee: "The Film Flam Man." starring George C. Scott. 5.20 The Flintstones. 6.00 ATV To-day. 7.30 Hawaii Five-O. 8.30 Romany Jones. 10.30 Appointment with Fear: "Taste the Blood of Dracula," starring Christopher Lee.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. †2.30 Friday Matinee: "The Show Goes On," starring Gracie Fields. 5.20 The New Adventures of Superman. 6.00 Border News and Lookaround. 7.30 The Six Million Dollar Man. 8.30 Romany Jones. 10.30 Border Parliamentary Report. 11.00 Late Night Film: "Corridors of Blood," starring Boris Karloff. †12.30 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 The Friday Matinee: "Knights of the Round Table." 5.20 Untamed World. 6.00 Report at Six. 7.30 Kung Fu. 8.30 Romany Jones. 10.30 The Friday Film: "Bitter Harvest." 12.15 a.m. News and Weather in French.

GRAMPIAN

12.00 A Matter for Decision. 12.20 p.m. Hammy Hamster's Adventures on the River Bank. 1.20 Grampian News Headlines. 2.00 Women Only. 2.30 Friday Matinee: "The Adventures of Quentin Durward," starring Robert Taylor, Kay Kendall and Robert Morley. 5.15 Wait Till Your Father Gets Home. 6.00 Grampian News. 6.10 Grampian Week. 7.00 The Friday Movie: "The Return of The Seven," starring Yul Brynner. 8.30 Romany Jones. 10.30 Streets of San Francisco. 11.25 "F" Troop. 11.55 Evening Prayers.

GRANADA

10.30 a.m. Sesame Street. 11.30 Clapperboard. 11.50 Promenade. 12.30 p.m. Hammy Hamster's Adventures on the Riverbank. 1.20 This Is Your Right. 2.30 Friday Matinee: "A Clear and Present Danger." 5.15 Cartoon. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Randall and Hopkirk (Deceased). 7.30 Romany Jones. 8.00 Kung Fu. 10.30 Cinema. 11.00 Granada Profile. †11.30 The Friday Film: "Three Brave Men," starring Ray Milland and Ernest Borgnine.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.30 Friday Matinee: "Tempest," starring Van Heflin and Silvana Mangano. 5.20 Orbit 5. 5.25 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 University Challenge. 7.05 Friday Mystery Movie: Madigan. 8.30 Romany Jones. 10.30 Cinema. 11.00 UFO.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20-4.50 Cestyll Cantamil. 6.01-6.18 Y Dydd. 10.30-11.00 Outlook.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

11.50 a.m. Foreign Legion. 2.00 p.m. Housecall. 2.30 Friday Matinee: "She Didn't Say No" starring Eileen Herlie. 5.20 Kiri. 5.25 Crossroads. 6.00 Scotland To-day. 6.30 The Flintstones. 7.00 Ways and Means. 7.30 The Six Million Dollar Man. 8.30 Romany Jones. 10.30 Late Call. 10.40 The Odd Couple. 11.05 Journey to the Unknown.

SOUTHERN

11.00 a.m. Yoga for Health. 11.20 The Wave Makers. 11.45 Wait Till Your Father Gets Home. 12.05 p.m. Skippy. 12.30 Hammy Hamster's Adventures on the River Bank. 1.20 Southern News. 2.00 Women Only. 2.30 The Friday Matinee: "The Wrong Box," starring Michael Caine, John Mills and Ralph Richardson. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day by Day (Channels 6, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 43, 64 and 66) 6.35 Husband of the Year. 7.05 Romany Jones. 7.35 The Friday Film: "Night Slaves." 10.30 A Southern Report. 11.00 Southern News Extra. 11.10 The Collaborators. 12.05 a.m. Untamed World.

TYNE TEES

12.00 a.m. Starting Point. 2.30 p.m. "The Magic Carpet," starring Susan St. James. 4.20 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 North East News. 6.05 Division. 8.00 The FBI. 10.30 Sportstime. †11.00 The Friday Night Film: "House Of Dracula," starring Lon Chaney Jr. 12.15 a.m. Late News Headlines. 12.20 Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines. 2.30 Out of Town. 3.00 Friday Matinee: "The Strong Man," starring Hope Lange. 4.18 Ulster News Headlines. 5.20 The Amazing Chan and the Chan Clan. 6.00 Summer Reports. 6.25 Police Six. 7.30 Kung Fu. 8.30 Romany Jones. 10.30 Cinema. 11.00 Streets of San Francisco.

WESTWARD

11.25 a.m. Yoga for Health. 11.50 Survival. 12.15 p.m. Around the World in 80 Days. 12.55 Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.30 The Friday Matinee: "Knights Of The Round Table" starring Robert Taylor and Ava Gardner. 5.20 Untamed World. 6.00 Westward Diary and Sports Desk. 7.30 Zoo Gang. 8.30 Romany Jones. 10.32 Westward Late News. 10.35 The Friday Film: "Bitter Harvest" starring Janet Munro, John Stride and Alan Badel. 12.15 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. †2.30 The Friday Film: "Keeper of the Flame" starring Spencer Tracy and Katharine Hepburn. 4.15 Cartoon Time. 4.25 The Count of Monte Cristo. 5.20 Follyfoot. 6.00 Calendar. 8.00 The FBI. 10.30 Cinema. †11.00 The Friday Film: "The Sicilians" starring Robert Hutton.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 p.m. Ed Stewart (S) also on VHF. 5.00 Newsbeat. 5.15 Rosko's Round Table. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Wimbledon 1500m only (also 202m Scotland) VHF joins Radio 1. 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17-7.00 VHF only Sam Costa (S). 5.17-7.00 1500m only (also 202m Scotland) Wimbledon Tennis including 5.45 Sports Desk. 7.02 Just for Fun. 7.30 Sports Desk. 7.32 Johnny Gregory conducts the BBC Radio Orchestra (S). 8.32 Friday Night is Music Night (S). 10.02 Sports Desk. 10.05 Len Jackson with Music Through Midnight (S) including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture: Torelli, Handel, Mozart (S). 8.00 News. 8.05 Morning Concert: Praetorius, Grieg, Ravel (S). 9.00 News. 9.05 This week's composer: Kodaly (S). 10.10 Piano Recital (S). 11.10 Haydn and Hindemith String Quartets (S). 12.15 p.m. Midday Concert, part 1: Beethoven, Bruch (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert, part 2: Moeran (S). 2.10 Lieder Recital, part 1 (S). 2.50 Words . . . (David Martin reflects on some of the things we say). 2.55 Recital, part 2 (S). 3.45 City of Birmingham Symphony Orchestra, part 1: Rossini, Chopin, Walton (S). 4.30 Interval Reading. 4.40 Concert, part 2: Liszt, Bartok. 5.25 Mozart. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Study on 3. 7.30 Schumann and Beethoven chamber music concert (S). 8.35 BBC Symphony Orchestra in Japan. 9.15 Words . . . (Ian Crimble reflects on the things we say and write). 9.20 BBC SO, part 2 (S). 10.25 Music Now. 11.05 Nielsen: Sonata No. 2 (S). 11.25 News.

Radio 3 (VHF only)—6.40 to 7.00 a.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

‡ Medium Wave only.

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the day. 6.45 Today including 6.50 and 7.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk and 7.35 Today's Papers. 7.45-7.50 Thought for the day. 7.55 Weather, programme news. 8.00 News and more of Today. 8.30 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Smoke Without Fire. 12.00 News. 12.02 p.m. You and Yours. 12.27 Twenty Questions. ‡12.55 Weather, programme news (VHF) (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour from Bristol (including 2.00-2.02 News). 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Any Answers? 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report, VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Brain of Britain 1975. 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News, including Friday Special. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight: Radio 4's International Business Report: Market Trends. 11.15 Today in Parliament. 11.30 Week Ending . . . a review of the week's news. 11.45 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 3.45 The Jobfinders. 4.03 Lobby. 4.32 Home Run including London News Desk at 5.00, 6.00, 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.30 London Country. 10.03-2.00 a.m. Popshop.

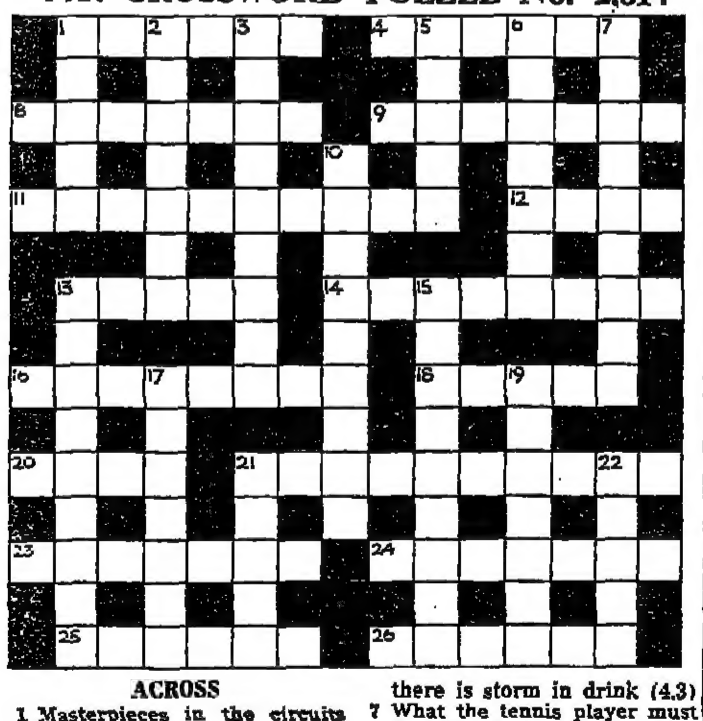
London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "A.M.": London's breakfast-time news show, with interviews, traffic and travel service, plus sport. 9.30 Parliament from the Inside: LBC's report on the House of Commons. 10.30 Open Line: London talks to George Gale. 12.00 Newswatch, plus live reports from the House of Commons. 6.00 p.m. Newsbreak. 7.30 Music in Stereo: Jazz. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch: news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. Kenny Everett with 2½ hours of music and madness. 9.00 Michael Aspel with music. Features, Advice and Swopshop. 12.00 Cash on Delivery with Dave Cash and Music. 3.0 p.m. Roger Scott with Music. 7.00 London To-day. 7.30 Open Line: Allan Hargreaves presents Meet Your MP: 9.00 Nicky Horne's rock show. 11.00 Tony Myatt's late night on Capital. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,814



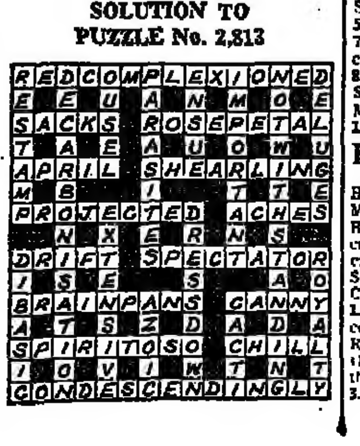
ACROSS

1 Masterpieces in the circuits (6)
4 Whence feline exit endangers security (3,3)
8 Sailor has many to tea (7)
9 A refusal that gets one in Africa (7)
11 To improve a strange meal I hold forth (10)
12 Fold popular with the schoolboy (4)
13 A little picture of the fashionable crowd (5)
14 Beat up the loafer (3,5)
16 Unsympathetic essayist may appear on Monday (4,4)
18 The joint to criticise (5)
20 A king—nonsense (4)
21 Fleet Street bosses keep you buttoned up (5,5)
23 Animal finds river in Indian port (7)
24 Pots for the victors (7)
25 Experienced like Heath after tea (6)
26 Fishes with a girl aboard (6)

DOWN

1 Panic for the French girl in the branch (5)
2 Mallets for insects (7)
3 Water of O.T. applied to afternoon tete-a-tete (3,3,3)
5 "— thee, Nymph, and bring with thee Jest and youthful Jollity" (Milton) (5)
6 Look for a present when there is storm in drink (4,3)
7 What the tennis player must do for match and action (2,2,5)
10 Australians have a party with one in the Principality (9)
13 What a shirt may be or differences (6,3)
15 The Flying Squad's on time to set a standard (9)
17 Classic bowlers (7)
19 Advice from with it London suburb to put it into practice (3,2,2)
21 "And hearts . . . now feel that — no more" (Moore) (5)
22 Hurries South to the river (5)

SOLUTION TO PUZZLE No. 2,813



...vent Garden

Così fan tutte

by GILLIAN WIDDICOMBE

...ozart's most intimate and ...nine comedy has been ...ular this season, with new ...ductions by our Kent and ...sh companies, and revivals ...Wednesday at Covent Garden ...next week at Glyndebourne. ...ent Garden's production—by ... Copley, and now seven ...s old — is naturally the ...dest, most elegant and ...ery of all these: russet satin ...ns, expensive disguises for ... Albanians, formal wigs for ...ryone, and a considerable ...unt of large-stage posturing. ...d Copley's diversionary ...s are still in. Some are ...ely intrusive, as when ...rando and Guglielmo fuss in ...me scoglio," and some wear ...a bit thin. (Next time Despina ... Dorabella's corset in, the ... girl should retaliate with ...equally distracting scream.)

...ut for the skill with which ...ley has devised these stage ...erns one readily forgives ... Così fan tutte is a triangular ...htmare for the producer: but ...re most producers play safe ...deploying the six characters ...plain pairs, Copley produces ...extraordinary range of im...ative poses and gestures, ...does not lose the sense of ...ction between friends. It is ...the most sensual production ...ive seen: nor a particularly ...al one; but it looks stylish, ...ks smoothly, and helps the ...ers along.

...he two strongest singers in ...cast are both familiar: Anne ...rells an accomplished Dorabella, now singing "Smanie implacabile" like a tragic queen, with less gasping comedy than we usually see; and Richard van Allan an excellent Don Alfonso, singing with confident discretion when his presence should not be overpowering (in the trio "Soave sia il vento"), and laughing eloquently along a staccato line. The Bulgarian soprano Anna Tomowa-Sintow makes her Covent Garden debut with a nicely sung Fiordiligi, small in tone, but clean in articulation and musically pleasing: at the moment her characterisation is rather placid, like a sepia photo. Rüdiger Wohlers is overparted as Ferrando: he needs a fear-proof sense of pitch and unrockable rhythm. Robert Kerns guys Guglielmo less than his predecessor, and sings more smoothly, with attractive chestnut timbre. Judith Blegen skips through her Covent Garden début prettily as Despina, the voice neat and sparkling, the comedy too twitchy.

Colin Davis conducts, keeping the same minor cuts as Solti, but therefore doing less of the score than on his recent Philips recording. On Wednesday the overture went rather oddly, with Davis gnashing the first beat of each bar hurriedly, though the tempo was not actually fast. One or two large ensembles were also taken rather slowly, but the orchestral playing warmed generously, and contained many smooth textures as well as the necessary light colours in Mozart's inimitable allegros.

...orence films

From the archives

by WILLIAM WEAVER

...ne of the most fascinating ...archives in Italy is that of ...Istituto Luce, in Rome, which ...udes an enormous collection ...he newsreels prepared during ... Fascist régime, almost ...ays under the personal super...n of the Duce himself. The ...ator, slyly conscious of the ...act of a filmed image, was ...eful to show himself in an ...al light: physically fit, ...lauded by adoring crowds, ...isive, victorious. In their way, ...se old newsreels are textbook ...mples of how to manipulate ...al data. This rich mine of ...ed material has already been ...siderably exploited, and much ...tage has been used in mon...e films (such as Nico Naldini's ...ent Fascista, as yet not re...sed in Britain).

...ut the montage of this ...terial, however skilfully done, ...one thing: seeing it—and ...aring the spoken commentary ...the period—without any a pos...iori editing, is another. During ...past few weeks, in Florence, ... Regional Administration of ...scany organised a series of ...wings of these newsreels, un...ted, just as the Italian audi...ces saw them in the 1930s and ...s. An evening's prelude to the ... telephone" features, ... such divas as Assia ... Alida Valli or the ... premier, Vittorio de ...

... attend the last ... Florence showings, a ... newsreels dating from ... 1942 to September of the ... year when the Allies ... occupied Sicily, and were ... at Salerno. Seeing the... was an enlightening and ... experience.

Enlightening, because, taken ...chronological sequence, these ...let films gave an insight into ...scist "morality." First some ...enes of Allied bombings of ...noa and Turin. Or rather of ...mbing results: a windowless ...spital, a destroyed school ...ere a scant little group of ...ementary pupils had been ...iffly assembled outside the ...uilding, while the speaker's ...oice said "the children lament ...e destruction of their school." ...he reaction to this, in the ...ung Florence audience of ...-day, was sceptical laughter). ...en a dotty animated cartoon ...out the wicked "Doctor ...urkill" (actually a kind of ... Hyde, who lived in a money...ammed castle with BANCA D'INGHILTERRA over the door, from which he made sorties to exploit workers and poor Egyptians at Suez). In the end, two uniformed hands—one with a swastika, the other with the Fasces—grasped him by the wrists, with the promise of putting an end to his wickedness. And then a graphic newsreel of the Battle of Britain, with London aflame, and an exultant commentary.

But the newsreels of 1943 show a curious change. Mussolini and the Fascist bigshots virtually disappear, as the tide of the war turns against the Axis. Instead, there are more ritual scenes: the King reviews the troops in Sicily (about to be occupied); his daughter-in-law, in a floppy garden hat, walks through the bombed rubble of the San Lorenzo quarter in Rome; the Pope (Pius XII) does the same, accompanied only by Monsignor Montini (to-day's Pope Paul). In other words, the tottering regime was trying to demonstrate the solidarity of the monarchy and the Church, avoiding personal exposure.

Finally, the Florence programme included a German documentary, showing the Nazis occupying Italy, after General Badoglio's armistice with the Allies on September 8, 1943. The Nazi regime was also tottering, and this occupation—the fairly simple take-over of a prostrate country, already filled with Nazi troops—is presented as if it were a great military victory.

Except for a few introductory remarks, by an official of the Region and by the critic Ernesto G. Laura, President of the Istituto Luce, the films—that is to say, the Fascists—were allowed to speak for themselves. No risk. Their pompous rhetoric required no gloss. It was easy to read between the lines, between the shots: impossible not to. The camera, even in the hands of liars, was unable to lie.

This series of showings has been extremely successful in attracting audiences. A further series—exploiting the unfortunately scant material from Mussolini's last-ditch Fascist "republic" of Salò—is planned.

Book Reviews on sport and games appear on Page 18

Cornelie McCarthy

Mr. Robert Lassam, Curator of the Fox Talbot Museum of Photography which has been established at Lacock Abbey, Wiltshire. He is photographed here with a Camera Obscura, dated around 1835, which was actually used by Fox Talbot.

Romy Schneider and Mascha Gomska in 'The Infernal Trio'

Cinema

Murder as a saleable commodity

by NIGEL ANDREWS

The Infernal Trio (X)	Rialto
The Wind and the Lion (A)	Dominion
Julia (X)	Columbia

Murder, as the cinema has frequently demonstrated to us, can be a very difficult business: and its difficulties do not necessarily end with the act of killing. What do you do afterwards, for example, with the body? Baths of sulphuric acid have long been a popular solution; but these too have their problems. What do you do with the contents of the bath when you have finished with them? They are too glutinous to do down the plughole. The only answer is to empty them, bucket by bucket into the garden. But then what do you do with the smell it leaves behind, thickening and intensifying over the ensuing days? These are the kind of problems dealt with in The Infernal Trio, a French film that should serve as a sober warning to all who think that killing is a simple business. For the three murderers and life insurance swindlers of Francois Girod's film it is anything but that: they earn their living—and their victims' wealth—by the sweat of their brows.

Killing is a pastime as lovingly and exhaustively celebrated in The Infernal Trio as was eating in La Grande Bouffe. A comparison that is enhanced by the presence of Michel Piccoli and Andrea Ferreol from the earlier film, here playing murderer and victim respectively. Piccoli plays a crooked lawyer with a taste for marrying his mistress off to men who are on the point of death, and then raking in their life insurance. A healthy return for a small premium is ensured by the services of a friend who masquerades as the victim for a medical check-up. Things go wrong when Piccoli is blackmailed by the said friend, and it is he and his girlfriend who finally end up being carried out in buckets to the bottom of the garden.

Murder has always been a romantic act in the cinema. Even when dwelt on for its grotesque or sadistic elements, it has a mystique, an intensity, a shock appeal. Not so in The Infernal Trio: these three murderers — Piccoli and his mistresses Romy Schneider and Mascha Gomska — are weary after their day's work not with the weariness of moral disgust or inertia, but with the simple weariness of a hard day's work. The images are ones of monotony and repetition. The scratch of the ladle on the bottom of the bathtub as Piccoli scoops out the last remains: the clump of Miss Gomska's shoes on the stairs as she carries the buckets out into the garden: the swish of Miss Schneider's hoe as she ploughs the liquid into the earth.

The film itself is not a great one. Character interest is thin on the ground, and wit and plausibility largely conspicuous by their absence. But as a murder story it is unique. There is nothing crazed or obsessive about these characters. They are a dedicated, clear-headed trio getting on with a job: a job so prosaic and laborious that, without our realising it, we lose touch with the horror of murder and end up merely watching the mechanics. It is Crime of Dispassion, and there is nothing more unnerving than the idea of murder as something workaday, ordinary, pragmatic.

The film reached London in a dubbed version which would normally justify howls of protest. For once, though, the effect is not too damaging. The dialogue scenes are the film's least remarkable feature, alternating as they do between exposition and functional plot advancement, and the murder scenes themselves are so short on dialogue that the impact is hardly diminished by the midatlantic utterances incongruously grafted on to the French actors' lips. If it is finally worth seeing less as a film than as a phenomenon, The Infernal Trio is still a striking work; a murder thriller whose shock value lies in its steady gaze rather than in its sharp or sudden revelations.

The Entertainment Guide is on Page 41

Sean Connery as a Berber chieftain: Candice Bergen as the rich American widow he kidnaps, with her two small children, from a villa in the European quarter of Tangier: Brian Keith as Theodore Roosevelt, stalking his Presidential hunting grounds across the Atlantic, and seeing in a small political flare-up in Morocco the chance for a military show of force that will catch votes at home and win friends and influence allies overseas.

There is nothing like a big historical epic for sorting the sheep from the goats among promising movie directors. John Milius, whose feature debut was the excellent Dillinger and who wrote the screenplays for The Life And Times Of Judge Roy Bean and Jeremiah Johnson, comes as resounding a cropper in this his first big screen project as any of his honourable predecessors. Two hours long and a Panavision screen wide, The Wind and The Lion sacrifices at the altar of spectacle all the advantages of a literate script (by Milius) and an intelligently satirical account of turn-of-the-century American politicking. (Keith's burly, opinionated Roosevelt providing a fine double act with the wily performance of John Huston as his Secretary of State John Hay.)

Literacy and intelligence, of course, are not saleable commodities when it comes to epics. Violence and hokum are. Cross-cut with the scenes of velvet-glove diplomacy in America and Tangier which show the film off at its best, we therefore have scenes of battle, desert romance and homespun Berber philosophising which show it off at its astonishingly silly worst. Miss Bergen and Mr. Connery are the chief casualties. Mr. Connery makes a brave but ill-starred attempt to adapt his Caledonian brogue to the desert burr of a Berber chieftain (perhaps to the ears of an American audience, the makers think they will sound much the same), and Miss Bergen is asked to do more than suffer beautifully and duly does so. The climactic sequence—which in a film of gathering political confusion should at least have been clearly orchestrated—is a farago of exploding muskets, dying Arabs and a last, swift glance of unspoken passion between Bergen and Connery as he rides off into the desert and she, his captive turned rescuer, returns to Tangier and civilisation. All in all, a sad waste of time and money and proven talent.

Julia is a distinct improvement on Emmanuelle. It has the same star, Sylvia Kristel, and much the same story of sexual initiation in exotic climes (Verona and the Italian lakes). But the cigarette commercial elegance of the first film has been replaced by something brasher, jokier, more tongue-in-cheek. If Emmanuelle was for gourmets—chic, snobbish and refined in its approach to titillation—Julia is for gourmands. The appetite for sexual variety is catered for by sex on a train; sex on a rainswept tennis court; sex in a Roman amphitheatre; sex in a hotel bed with the spilled contents of a breakfast tray. The film is ridiculous, but it has the saving grace of knowing that it is ridiculous; and it is hard to imagine that pornography as cheerful as this can really cause offence, even to the implacable crusaders of the Festival of Light.

American War of Independence exhibition

The British Library's exhibition to mark the bicentenary of the American War of Independence opens in the King's Library at the Museum on July 4. The King's Library, built in 1828 to accommodate George III's books, was presented to the nation by George IV and is now used as the main exhibition gallery of the British Library Reference Division. Although housed in the British Museum buildings, it is not part of the British Museum.

The exhibition includes paintings, maps, manuscripts, cartoons, medals and small arms.

New Ayckbourn comedy for West End

Richard Briers heads the cast of Alan Ayckbourn's new comedy Absent Friends which will open at the Garrick Theatre on July 23. Also in the company are Peter Bowles, Cheryl Kennedy, Pat Heywood, Ray Brooks and Phyllida Law.

The play will be directed by Eric Thompson and presented by Michael Codron. The designer is Derek Cousins and lighting is by Nick Chelton.

Questors, Ealing

New plays festival

by GARRY O'CONNOR

James Saunders' new play, The Island, takes the traditional theme, much used in French farce and utopian literature, of the faraway paradise. In this day of instant travel to all corners of the globe we can no longer envisage a place far enough away for fantasy, so Mr. Saunders, like others with the same idea, has turned to the future. His island is a post nuclear holocaust affair, where only women survivors enjoy the fruits of perfection, as the warring sex have knocked each other out.

The Island begins with a chorus of five nubile wenches all extolling their partheno-genetic freedom. Soon after a couple of chaps are washed up unconscious on the seashore. The ladies have no idea what to do and haven't quite the courage to finish them off (Mr. Saunders must be one of the few contemporary playwrights still chivalrous enough to show women both fair and gentle). Finally after much horseplay and tying and untying of ropes, The Island subsides into a wry and whimsical celebration of orthodox sex with mutual dependence winning the day.

There's little to object to in it and Mr. Saunders' turns of thought are often both intelligent and witty. They can sometimes be a little naïve and overstated. The Ealing audience always responds strongly to Mr. Saunders' work, enjoying the wry sense of whimsy and paradox which is the hallmark of his writing. Setting out resolutely to be lighthearted, he skirts the profound, or what is often confused with it, the obscene, at every encounter.

This is fine as far as it goes. Where Mr. Saunders' skill does let him down is in constructing a situation to give the comedy some extra bite. It dwindles to inconsequence without becoming positively negative. One has to conclude that humorous though the vision is, it is far too feeble, although the author would argue, feebleness is part of his comic intention.

The Island is given a spirited performance in Robin Duval's production and makes a good beginning to the Festival (which even includes J. M. Barrie's The Twelve Pound Look as a late night show). The second main offering, Funland, by Dannie Abse, is highly ambitious. Three inmates of a mental hospital are the centre of a pattern of bizarre events, the kingpin of which is the hospital concert. One, Pythagoras, is an ex-stage magician who is continually calling up thunder and mesmerizing other patients. He has the enviable trick of willing telephones to stop ringing.

The second, Uncle, is a hysterical little fellow who reads the Daily Express upside down, while the third, Mr. X, is a poet who does not feel he has an existence. The hospital superintendent, Dr. White, a firm and tranquillizing personality, in the words of one of the characters, governs well, finding support for his position in precepts such as Machiavelli's "whoever is sent to organize a state and govern its laws must presuppose all men are mad."

Mr. Abse is known primarily as a poet and indeed the structure of Funland is as much poetic as dramatic. A large part, for example, of the last of nine scenes is given over to Mr. X's poem. There are some good ideas which could have been explored more for their theatrical potential. One is the impersonation of the superintendent by Pythagoras as in the presence of the local newspaper reporter. This could have led to some interesting comic developments.

I should also like to have seen Mr. Abse concentrating more on one of his characters to the exclusion of the others. Pythagoras has the making of an excellent protagonist, with echoes of Thomas Mann and Jean-Paul Sartre (in Kean) but our concentration on him is broken in favour of the others.

John Turner's production of Funland is uneven. Some members of the cast were underprojecting, notably John Wilbourn as the Superintendent, and some, such as Phillip Sheahan, who plays Uncle, were too shrill. The complex continuity is well managed and the lighting, by John Andrew, is very effective. Robin Ingram as Pythagoras gives the boldest and clearest performance. Norman Wilkinson as Mr. X is also effective.

Circuses, completes the trio of new works. It's much less formally constructed than the others, though James Hepburn, who wrote it, is making literary patterns out of traditional forms of entertainment such as the variety show. Most of the audience, myself among them, treated it as a series of sketches, shrugging off suggestions of "deeper meaning," if it could be found. At this level there are some quite promising sketches, such as that of Hermann the Honunculus, sawing a luscious young lady in half, and "The End," a black joke set in a crematorium. Apart from a certain sharpness and polish in the writing, some of the other sketches, like "No Joking" and the lamentable running joke of a man selling doughnuts, and then giving them away, fall very flat. Possibly the production could have been more lively and imaginative, but in my opinion Circuses does not come up to the standard of the other work in this Festival, whose setting and amenities for those who do not know the theatre, are always first-rate.

WORLD TRADE NEWS

U.K. EXPORT CREDIT POLICY UNDER FIRE

World-wide control vital to check mounting cost

BY GEOFFREY OWEN

HAS THE granting of export credit become a form of economic nonsense or even economic suicide? That question was posed at a Chatham House conference this week by Mr. Robert Fell, formerly head of the Export Credits Guarantee Dept. and now chief executive of the Stock Exchange. Mr. Fell stressed the extent to which export credit had become the servant of industrial and political objectives, with the cost to the taxpayer and the country almost forgotten.

"Finance ministers around the world seem powerless to control the appetite of their Industry and Trade Departments," he declared.

Referring to political pressures, Mr. Fell said he had found over the years two myths among British Ministers.

"The first is that there is a bonanza for British industry in Russia. The second is that there is a bonanza for British industry in Latin America. Some Ministers have been able to support both myths at the same time."

The result of those exaggerated hopes, stemming partly from political considerations, had been an escalation of credit terms, with the buyer able to play off one country against the other. The desire to give special terms to Russia caused the "Gentleman's Agreement" on export credit to falter at its most hopeful point.

Mr. Fell questioned whether the mechanics of export credit in the U.K. were appropriate, and suggested the possibility of a recognised Export Bank with private participation.

"Export credit, in a sense, has developed because the normal capital raising system did not work," he stated.

"Having started as a marginal activity, export credit under ECGD has become identified almost as a public sector tap so that the mechanics themselves in this country seem perhaps a barrier to a speedy return to the normal market mechanism."

Cash exports

Mr. Fell went on to point out that although medium and long-term export credit still covered only a fraction of total U.K. exports, "some of our best thinking and most active workers are in this field. Our paramount need is for cash exports and one wonders whether our official effort is sufficiently in balance."

There was now a growing recognition among most countries that export credit had reached a dangerous stage in the terms being offered, "partly for the balance of payments of the donor country and partly from the point of view of the debt being assumed by the recipient country, and more recently the nonsense of granting substantial credit to wealthy oil countries."

One obstacle to disarmament had been the difference in the way national systems had developed. The U.S., for instance, had relied on length of credit while keeping its interest rate more nearly in line with the market.

The French had had a "blockage" about lengths of credit but had been highly flexible on interest rates and other charges.

The Americans could appear to be tough on the question of credit to support arms sales because they had a large military aid programme.

The U.K. had a generous economic aid programme, while other countries prefered a mixture of economic aid and commercial credit.

In the end, Mr. Fell argued, "it is only the willingness to give up a certain amount of national sovereignty which will bring about a real control."

One helpful step, in his view, would be the development of European financing arrangements to handle projects which were too large for a single country to finance.

In any case the best hope for progress lay in the small group of industrial countries within the Organisation of Economic Co-operation and Development that had been trying to reach agreement for the past two years. It was essential, he declared, that the true cost of export credit was fully understood in these countries, and that they did not start any new national device while international talks proceeded.

The top 100 U.K. exporters.

By Geoffrey Owen

Following publication of the list of Britain's top 100 exporters in 1974 (this page, June 13) comments have been received from a number of companies.

British Leyland points out that its net exports, after deducting £43m. for imports (£22m. for production materials, £20m. for capital goods and £1m. for consumable items) came out at £442m. On that basis the corporation can still claim to be top exporter, since the comparable figures for Imperial Chemical Industries are gross exports £636m., imports £356m.; net exports £280m.

It would be helpful if all companies published not just their exports but their net contribution to the balance of payments, including imports and other transactions.

For foreign-owned concerns the outflow of funds from the U.K. in the form of dividends and royalties paid to the parent company is rarely revealed, so that true contribution to the U.K. balance of payments is unknown.

Rothmans International points out that the figure of £27.1m. used in the list, was based on nine months' trading. The full year 1974 total was £40m. rising to £50m. if indirect exports were included), which would put Rothmans in approximately 54th place.

Esso Chemical, which was omitted from the list, had 1974 exports of £52.3m. (1973, £23.2m.), which would put it in approximately 39th place. If its figures had been put together with Esso Petroleum, the combined Esso figure would be £134m., putting the concern into 15th place.

General Motors comments that if all GM activities had been combined (Vauxhall, General Motors Scotland and General Motors Ltd.), the aggregate figure would be £145.2m., putting the company into 14th position.

Australia-Philippines pact indicates recognition of ASEAN bloc

BY OUR AUSTRALIA CORRESPONDENT — CANBERRA, June 26.

THE DEVELOPMENT of the Association of South East Asian Nations as a trading bloc has been given formal recognition by Australia in a new trade agreement with the Philippines.

Mr. Frank Crean, Australian Minister for Overseas Trade, announcing the agreement to-day, said the ASEAN provision was a reflection of Australia's general support for economic and social objectives.

The Australia-Philippines trade agreement supports the principle of long-term contracts and establishes, for the first time, a joint commission of the two sides to review bilateral trade at annual meetings.

As a result of hard bargaining by the Philippine negotiators, a special protocol was published with the agreement pointing out the difference in levels of economic development between the two countries and the heavy imbalance of trade in Australia's favour.

It includes an assurance of consultation and "fullest consideration" of the Philippines position when any changes are being considered in Australia's system of tariff preference for certain goods and commodities.

In addition, there is a formal statement from Australia that the Government's position is "to move away from according preferential tariff treatment on a bilateral basis," except in cases like New Zealand and Papua New Guinea.

"Further," says the protocol, "it was not anticipated that where margins of preference had been removed or reduced Australia would replace or increase such margins of preference except in cases of domestic economic policy needs."

On his return to-day from Europe and Asia, Mr. Crean acknowledged that it would be "unrealistic" to expect an early relaxation of EEC controls on beef imports, but he was confident that reopening of the Japanese beef import market was imminent.

Austrian exports to U.K. drop 30%

By Paul Lendvai

VIENNA, June 26.

AUSTRIAN EXPORTS to the U.S. during the first quarter fell 30 per cent. below a year earlier, and it is feared the figure for 1975 as a whole will show a similar fall to Sch.3.3bn. (£88m.). As imports from the U.S. are expected to drop only by 10 per cent., the visible trade deficit may well surpass Sch.1bn. (£26.7m.).

The U.S. share of Austrian exports, which dropped from 4.2 per cent. in 1973 to 3.4 last year, therefore fell further this year.

Apart from the recession in the U.S., the unexpectedly substantial fall in Austrian exports is ascribed to the high prices of Austrian products compared with those charged by foreign and U.S. competitors.

A Federal Chamber of Economy survey of exporters revealed that 80 per cent. blamed the price situation on revaluation of the Austrian schilling vis-a-vis the U.S. dollar. The same arguments applied to the Canadian market, where Austrian sales in the first quarter also fell by 32 per cent. The U.S. recession is regarded as secondary to the appreciation of the schilling.

As for prospects, 59 per cent. of the exporters regarded them as "poor" and only 8 per cent. forecast rising sales.

Japan's overseas aid halved last year

BY CHARLES SMITH, FAR EAST EDITOR — TOKYO, June 26.

THE VALUE of Japan's overseas aid in 1974 was almost halved from the previous year, mainly because of an extremely steep decline in private aid flows, according to the Ministry of International Trade and Industry.

The total value of aid for the year, including private and official aid, was $2.96bn. compared with $5.84bn. in 1973. As a percentage of gross national product, Japan's foreign aid dropped from the very respectable level of 1.44 per cent. in 1973 to 0.65 per cent. in 1974. That decline would have been steeper still if the GNP had not recorded a negative growth rate in 1974.

The 0.65 per cent. level looks embarrassingly low when set against the norm of 1 per cent. for the ratio between a country's aid programme and its GNP established in the Pearson Commission report.

The one area in which Japan's aid programme held up relatively well last year was in direct Government-to-Government assistance. The value of that rose slightly from $1.01bn. to $1.13bn., but there was a decline in the proportion of grants to loans even in that sector. Loans to international aid institutions such as the World Bank and the Asian Development Bank recorded a negative balance of $17.9m., compared with the previous year's $355m., reflecting the fact that Japan received more repayments from previous loans and bank issues than it made available in new loans.

The really striking change in the 1974 aid figures is in the private flow of funds, including direct investments and export credits, which have always made up a large portion of total overseas Japanese aid. That was down from $3.65bn. in 1973 to $1.05bn., a fall of 71 per cent.

The largest element in private aid flows—private direct investment—yielded only $875m. last year, compared with $3.07bn. in 1973. The fall in direct investment can be seen as a direct result of the Japanese Government's efforts to limit long-term capital outflow so as to offset the burden on the country's balance of payments of higher oil prices.

The Government imposed guidelines on overseas direct investment late in 1973 which resulted in most investment in the following year being confined to projects judged to be essential to Japan's national interests.

Japan is obviously likely to face criticism for its poor aid performance last year, especially as its imports from developing—non-oil-producing countries—have also been falling recently.

The main defence of the 1974 figures is likely to be that Japan did its best to keep the flow of Government-to-Government aid steady despite the fall in private flows. At 0.25 per cent. of the GNP, however, official bilateral aid remains low both by comparison with the Pearson Commission's norm (0.7 per cent.) and compared with the record of other major aid donors.

Mongolian mission outlines trade opportunities

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

MONGOLIA IS worth examining as a potential market despite its remoteness and tiny population. Britain's first official trade mission to Ulan Bator has concluded after a week in the country. But the scope is limited as the economy is almost entirely rural.

The mission, one of the few ever sent by the West, was organised by the East European Trade Council. Its report will not be published immediately. Instead, it will be circulated privately to British industry because it contains information which is largely unknown outside Comecon and therefore of some value to foreign competitors.

Mr. Anthony Hore, executive secretary of the Council, stressed yesterday that there was nothing spectacular in the findings. But there were some unusual openings which could generate business woth a few hundred thousand pounds a year. "If we reach a million pounds we shall be doing well," he said. Anglo-Mongolian trade last year totalled £130,000.

Mr. Hore said Mongolia's drive to improve public health offered opportunities for sale of drugs and medical equipment. Mongolia also needed spares to re-equip Western machinery it had obtained indirectly several years ago.

Mongolia, he stated, was not seeking Western help to develop its natural resources as the Soviet Union had done. That was being undertaken in a Comecon context.

One of the mission's main conclusions is that Mongolian earning capacity will determine how much trade goes outside Comecon. Since most of its exports, such as animal products, furs and wool, are seasonal, purchasing power will be spasmodic.

The mission also learnt that Mongolia was not interested in credits to boost trade further, being content to deal mainly with Comecon. But it would be willing to expand sales of minerals such as copper and coal when resources were developed in the next three or four years.

Exporters to Israel urged to ignore Arab boycott threat

BY DAVID BUCHAN

WITH A call to U.K. exporters to ignore the threat of an Arab boycott if they traded with Israel, Mr. Gideon Rafael, the Israeli Ambassador to Britain, opened a one-day London Chamber of Commerce seminar in London yesterday on trade between the two countries.

His claim that the Arab boycott was exaggerated and "overwritten" was supported by Mr. Michael Sieff, joint vice chairman of Marks and Spencer who said that normal commercial dealings with Israel were not proscribed by the Arabs.

In the interim period until Britain became self sufficient in oil, Mr. Rafael declared, the British should not forget—in the rush for oil-rich Arab markets—their traditional markets such as Israel.

The Arabs had still not centrally organised the boycott, and if they wanted certain products badly enough the boycott was almost always waived. An example quoted was Hilton International. It had hotels in several Arab countries, and was building a second one in Israel.

Israeli trade officials said that what the Israeli economy really needed was the import of capital and machine goods to help diversify the engineering sector away from defence, and also the setting up of joint ventures. They rejected a suggestion that joint ventures were just the sort of visible commitment that would attract Arab displeasure.

Talks were in progress, they said, with the Department of Trade and Industry about how to bridge the gap in Anglo-Israeli trade. Last year U.K. exports were £219m. — against only £78m. in Israeli exports. Of the U.K. exports, £106m. were diamonds processed and re-exported from South Africa.

Two factors should help boost Israeli exports it was suggested. One was defence equipment such as the Israeli KFIR fighter aircraft (basically a Mirage with a Phantom engine).

The second was the new EEC—Israel agreement which comes into force on July 1. It will suspend all EEC tariffs on Israeli industrial imports after July 1, 1977 and sets a considerably longer timetable for similar Israeli concessions.

IN BRIEF

ECGD support

ECGD has guaranteed a £7.2m. Lloyds Bank loan to Privredna Banka Zagreb, Yugoslavia, to finance the U.K. £8.5m. part of a $27m. ethylene plant contract to Kinetics Technology International, Capital Plant International (Mitchell Cotts Group) is involved in the contractual and financial arrangements.

Credit for Poland

ECGD has guaranteed a £10m. line of credit by Midland Bank to Bank Handlowy w Warszawie, Poland, enabling Polish buyers to place contracts in the U.K. for £11.5m. of capital and semi-capital equipment.

Export Contracts

HAWKER SIDDELEY POWER ENGINEERING will build a £4m. 11.5MW diesel power station for the Gulf state of Ajman. The order book is thus raised to £35m., a large part for the Mid-East.

BRIAN COLQUHOUN AND PARTNERS is undertaking for the Sudan civil aviation authority a feasibility study for development of three airports in southern Sudan and an alternate to Khartoum airport in the vicinity of Port Sudan.

OXFORD ELECTRONIC INSTRUMENTS reports U.S. orders worth £250,000 so far this year for miniature analog tape recorders for medical and environmental monitoring.

AMERICAN NEWS

Hopes for recovery as indicators rise by 2.1%

BY ADRIAN DICKS — WASHINGTON, June 26.

FURTHER PERSUASIVE evidence that the U.S. recession may have passed its lowest point and entered the recovery phase comes to-day with the news that the index of leading economic indicators rose 2.1 per cent. in May.

TheM ay performance is the third consecutive monthly increase in the index, which is regarded by many economists here as one of the most accurate available yardsticks of the business cycle. In March it rose 1.1 per cent. and in Aprli 3 per cent. During past periods of recession, three months' consecutive rise in the index have never failed to foreshadow a rise in the general level of activity.

Eight out of the 10 indicators available for las month showed increases, including building permits, new orders for manufacturers and raw materials, plant and equipment orders and wholesale commodity prices. Only the average working week and the rate at which workers were being laid off showed no improvement during the month.

The May increase in the index has greatly reinforced the confidence of administration economists that their earlier predictions of an upturn in the economy would begin to be felt by the end of the second quarter.

It also clearly had much to do with President Ford's generally bullish tone on economic matters during his Press conference yesterday.

The President repeated the claims made on earlier occasions by his advisers that inflation had already been cut by half, and while calling the present 9.2 per cent. unemployment rate unacceptable, predicted that the trend would gradually improve during the next few months. While the data still appear unclear, the Labour Department's latest weekly report on new unemployment claims showed a slight fall for the week ended on June 14. Mr. Ford also noted an increase of over 500,000 in the total number of people holding jobs during the past two months.

Although the administration is continuing to warn of the dangers of setting off a new round of inflation if the recovery takes place too suddenly, President Ford indicated during his Press conference yesterday that he would be extending to 1976 the $16bn. personal Tax Cut Bill enacted by Congress.

Although there is the possibility that the economy might not be improving as fast as the administration officially predicts, the President nonetheless left a clear opening for further measures to be taken early in 1976 if the unemployment rate does not decline.

In its discussions of the 1975 Tax Cut Bill, the democratic-controlled Congress showed considerable interest in making some of its provisions into permanent features of the tax system. Although this task is now in the hands of the House Ways and Means Committee, currently working on a Tax Reform Bill, the obvious attraction to politicians of perpetuating in an election year the 1975 cuts remains strong.

Mr. Ford has now served notice that on this question as on others, he has no intention of being outflanked from the left.

Meanwhile the Senate to-day passed a new Housing Bill embodying many of the measures Mr. Ford wants, to subsidise mortgages, at what the White House claims will be far less cost than under the Democratic Bill which the President vetoed on Tuesday. The House of Representatives failed on Wednesday to override the veto, underlining the degree to which Mr. Ford's stock has risen and that of the Democratic Party's plans for more forceful government has declined.

U.S. uranium enrichment proposal

BY PAUL LEWIS, U.S. EDITOR — WASHINGTON, June 26.

THE FORD Administration formally asked Congress to-day to end the U.S. Government's monopoly of uranium enrichment, and allow private industry to build some eight to ten new enrichment plants in America during the rest of the century at a total cost of around $30bn.

The administration forecast the immediate construction of three new enrichment plants, costing about $3.5bn. each to meet domestic and foreign demand. The first would use the gaseous diffusion method while the other two—and probably all subsequent plants—would employ centrifugal technology.

Under the new proposals, private companies wil be protected against financial loss that was not their fault—including such eventualities as a moratorium on nuclear power production or a collapse of the world price for enriched uranium—through a special clause enabling them to return the plant to the Government and recover their investment from public funds.

Although the precise details of these safeguards have not yet been worked out, the Government would assume a maximum liability of about $8bn. for the three first enrichment plants currently planned.

Existing safeguards on the sale and use of fissile materials will apply to the privately built enrichment plants, just as they do to the Government's three existing plants. However, foreign investors will be permitted a limited stake in future enrichment plants, while one of the prime aims of the new construction programme is to give the U.S. sufficient capacity to start exporting enriched uranium again after the ban on new contracts imposed in 1974.

In ending the Government's monopoly of uranium enrichment, the Ford Administration is hoping to encourage the development of the American nuclear industry and ensure that it keeps its present position as the world's largest exporter of enriched materials in what is likely to prove a rapidly expanding market.

In this respect, the Administration's efforts will be helped by the secret talks now under way between the world's nuclear exporting nations on banning the sale of enrichment and fuel reprocessing plants to other countries. A round of talks was held in London ten days ago and the negotiations are expected to continue there in September.

'No pressures on Brazil'

BRASILIA, June 26.

THE UNITED States has stopped applying pressure against the signing of a nuclear agreement between Brazil and West Germany, the Brazilian Foreign Minister, Antonio Azeredo da Silveria, said.

"There are no more pressures," Silveria told Brazilian reporters on his way to Germany to sign the agreement. "The U.S. must have understood that Brazil is dealing with its development."

He said that for Brazil, the agreement is "the point of departure for another greater stage of development." The nuclear agreement is expected to give Brazil a self-sufficient nuclear industry at a cost of more than $4bn. The U.S. has expressed concern that the German technology could make it possible for Brazil to produce nuclear arms, but Silveria has emphasised that Brazil will not use the technology for producing weapons.

AP-DJ

JAPANESE AID FOR ARGENTINA

BUENOS AIRES, June 26.

JAPANESE TRADE officials have revealed Japan's intention to help Argentina finance a steel mill and a hydroelectric plant with over $200m. in long-term loans.

Dr. Shiegeo Nagon, head of Japan's Chamber of Commerce and leader of a 40-member official mission here, said that financing would be over 10 years but added that interest rates have not been set.

AP-DJ

Californian oil anti-trust suit

SAN FRANCISCO, June 26.

THE State of California has filed an anti-trust suit against 11 major oil companies alleging they conspired to restrain trade in the petroleum business.

The action claims that the defendants conspired and eliminated competition in the production of crude oil and sale of refined petroleum products, fixed prices of crude on the refined products and allocated customers among themselves in bidding on petroleum contracts.

The suit asks that the defendants be enjoined from continuing the alleged violations and that they be required to sell or otherwise divest themselves of their interest control or ownership of the production of crude oil in the state.

Attorney General Evelle Younger's office said that the amount of unspecified treble damages sought under anti-trust statutes would have to be determined in a trial but he estimated it could run into millions of dollars.

AP-DJ

New York bond issue rated 'A-plus'

By Jay Palmer

NEW YORK, June 26.

STANDARD AND Poor's one of America's two largest debt rating agencies, has assigned an "a-plus" credit rating to the Municipal Assistance Corporation's planned issue of $1bn. worth of bonds next week. This issue will be the first part of a three-part offering totalling at least $3bn. over the next three-and-a-half months.

To-day Moody's Investor Services, the other leading debt agency, said that it will be announcing its rating for the new bonds this afternoon or, possibly, to-morrow morning. Moody's equivalent to S and P's "A-plus" would be "A-1." Although both agencies will only announce rating for the first $1bn., it is generally assumed that the same rating will be given later.

The Municipal Assistance Corporation is a specially created new state agency to head New York State's rescue of New York City. The agency will assume the greater part of the city's crippling short-term debt and re-issue these bands to fund city operations. The total 3bn. is by far and away the largest single series of municipal offereings ever attempted in the New York debt market.

Although an S and P "A-plus" rating would normally allow new bonds at the present time to be sold to yield about 7 per cent., it is generally recignised that the sheer size of the offering will necessitate a higher return.

Simply to complete this large sale, the bonds will have to be sold to investors who normally are not interested in tax-free municipal debt.

On this asumption, most projections suggest the the MAC bonds will be priced to yield at least 9 per cent. and possibly even 9½ per cent., tax free. This would make the issue highly competitive with more highly rated corporate debt and would facilitate a complete sale of the offering. MAC officials yesterday confirmed that over 350 banks and financial institutions across the country will help to market the issue and that New York's leading financial institutions have promised to buy over half of the total $3bn. offering for their own portfolios.

Budget 'cruel to Canadians'

By Victor Mackie

OTTAWA, June 26.

OPPOSITION PARTIES in the Commons have attacked Finance Minister John Turner's latest and last budget as "indifferent," "cruel" and "an exercise in cynicism."

Opposition leader Robert Stanfield said the announced $1bn. cut in Government spending was a sham because in reality spending on national account was up 16 per cent. from the previous year."

Canadians across the country, however, appeared to be reacting most strongly to the 10 cents a gallon jump in the price of petrol which went into effect a midnight on Monday night.

Mr. Edward Broadbent, Parliamentary leader of the New Democratic Party said the Government had achieved its $1bn. cut in spending by eliminating Government programmes designed to create jobs. The money saved, he said, was being turned over to corporations in the form of tax reductions.

INSURANCE AGAINST KIDNAPPING

An inflation of ransoms

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE RECORD $60m. ransom paid last week by the Argentine conglomerate Bunge y Born for the release of the two Born brothers who had been seized last year and held by the Peronist Montonero guerilla group marked a new escalation in the kidnap business.

The payment, and the handing out of several million dollars worth of supplies to needy Argentine families, as the guerillas demanded, reduced almost to insignificance the previous record payout of something approaching $15m. by the Exxon company to another group of Argentine guerillas last year. From the company point of view it focuses the spotlight more sharply on the measures that can be adopted to cut risks and in particular the insurance cover that can be acquired to guard against losses which could break all but the biggest international operators.

The insurance market is very circumspect about the information that it gives out about kidnap cover, lest the kidnappers—feeling that cover is universal—think that their every demand will be complied with. Nevertheless it is clear that premium income is becoming an increasingly important item for London underwriters. London underwriters began offering cover against the kidnap risk in the early 1930s after the Lindbergh affair and claim to have maintained a dominance in the world market which gives them a good bit more than half the world's business and an annual underwriting income estimated at $30m.

The boost to the business came a little over five years ago when kidnappings and killings in Guatemala heralded a new period of violence in Latin America. Kidnappings in Brazil and Argentina further boosted demand for cover and made Latin America the most important region for the business. Argentina is the most critical country at

RECENT KIDNAPPINGS AND REPORTED RANSOMS

Uruguay		
April 1971	Jorge Berembau (textiles)	$400,000
Argentina		
December 1973	Victor Samuelson (Exxon)	$14.2m.
September 1974	Juan and Jorge Born (Bunge y Born)	$60m.
Italy		
November 1974	Giuseppe Lucchini (steel)	£6.6m.
December 1974	Giuseppe Moccia (cement)	£660,000
March 1975	Giovanni Bulgari (jewellery)	£6.6m.

present, Brazil is becoming less critical, Chile more so.

In Brazil, according to the authoritative Rio weekly Opiniao, there are now 60,000 men working in private security companies, a number greater than the combined armies of Bolivia, Ecuador, and Paraguay.

Latterly kidnapping in Italy has produced new demand nearer home. Mafia techniques, once confined to Sicily, Sardinia, and the toe of Italy, have spread to the rich industrial north, partly it is said, as the result of the government's well-meant policy of exiling southern mafiosi from their native haunts and making them live in areas like Lombardy. Increasing turbulence in the Lebanon has brought requests for cover from the Middle East. At the same time the market says it will look at any reasonable risk and does some business covering U.S. companies against kidnapping by the U.S. mafia.

Policies can be tailored to the requirement of the insured, but rates are adjusted to encourage companies to take out the most comprehensive policies to cover the maximum number of executives in the maximum number of places. Rates vary enormously according to the underwriter's judgment of the risks involved. One U.S. pop star has recently bought a year's cover against a demand for ransom of up to $1m. for a modest $850. At the top end of the scale the rates are very high and will doubtless rise as the lesson of the $60m. payout sinks in.

Corporations that have been the subject of violent political controversy in Latin America, for instance, might find it difficult to persuade any insurer to take them on. If they were taken on, they might pay 15 per cent. per annum of the ransom covered. Underwriters might also insist that such a company bear the first part of the risk itself, stipulating that it carry, say, the first $500,000 of any ransom paid. One large multinational is reportedly paying $400,000 a year for comprehensive worldwide cover. For a modest extra premium a company can also insure itself against the consequences of extortion as, for instance, where a guerilla group demands a ransom under the threat of detonating a bomb in a company's property.

As insurance techniques become more complicated and costly, underwriters are encouraging companies to minimise the risks they run and to work out carefully in advance their response to any successful kidnap. It is thought that rebates will eventually become standard for companies that satisfy the insurers that they are taking effective action to counter kidnapping.

Control Risks is a company set up in collaboration with a major London insurer to give guidance on every aspect of anti-guerilla security from the hardware needed to foil intruders to ways of varying the routes and routines of high risk kidnap targets. The cost of such advice is not cheap: about $500 a day plus the living expenses of the expert. The company will also undertake the commission of negotiating with kidnappers, on behalf of companies.

Insurers reject the criticism that the existence of a market in kidnap insurance only encourages the practice of kidnapping and contend that in the absence of effective international safeguards against the practice, and the absence of national ones in some countries, their business is legitimate.

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OVERSEAS NEWS

Botswana snubs Amin over OAU meeting

By Malcolm Rutherford

BOTSWANA has become the first country to say categorically that it will not take part in the meetings of the Organisation of African Unity (OAU) due to take place in the Ugandan capital of Kampala next month.

A statement issued in Botswana said that President Seretse Khama had taken the decision on the advice of his Cabinet because there were fears for the personal safety of the members of the delegation. It referred to General Amin's "apparent disregard for the sanctity of human life and his exhortation to the armed forces in Botswana, Tanzania and Zambia to overthrow their elected governments because of their participation in the recent attempts to find a peaceful settlement of the Rhodesia dispute."

Uganda takes over the presidency of the OAU from Somalia next month. The OAU Foreign Ministers are due to meet in Kampala from July 18 to July 25 preparatory to a summit meeting opening on July 28.

It has been speculated that General Amin has been using the Hills affair to win prestige for Uganda before these meetings. Mr. Hills, a British lecturer, is still due to be executed on July 4 failing a visit to Uganda by Mr. Callaghan, the British Foreign Secretary.

In London, the Foreign Office yesterday totally dismissed a new allegation by Radio Uganda that Mr. Hills was a British spy.

Agencies reports from Nairobi: President Amin has said that he has documents signed by condemned Briton Denis Hills saying Britain had asked him to be a spy, Uganda Radio said to-day.

Speaking before ministers, diplomats and officials last night, General Amin said that he would not disclose the contents of the documents to anybody except British Foreign Secretary James Callaghan when he visited Uganda, the radio said.

Libya has sent air support to Uganda in response to Ugandan claims that Britain has threatened an invasion, Uganda Radio disclosed to-day.

Uganda Radio later broadcast a statement by a military spokesman warning people not to panic when the saw unusual supersonic aircraft in Uganda.

U.S. lifts ban on aid to Sudan

BY JAMES BUXTON

KHARTOUM, June 26.

SOURCES here confirmed to-day that the U.S. Government has told the Export-Import Bank that it no longer objects to its providing credit for trade deals with the Sudan. The Eximbank imposed the ban at the State Department's request last year after the Sudan Government released "Black September" guerillas who had been convicted over the death of the U.S. ambassador to the Sudan in the previous year.

The lifting of the credit ban on the Sudan is a major step in the mellowing of relations between the two countries and confirms that the U.S. is prepared to take a more positive role in relations with Khartoum. It should have a considerable effect in encouraging U.S. investors to exploit the Sudan's development potentials.

The ban affected two big orders the Sudan Government had placed with U.S. companies: an order for 30 General Electric diesel locomotives, badly needed for the Sudan Railways, and an order for two Boeing 737 jets for Sudan Airways. Alternative financing was eventually arranged in both deals after Eximbank backed out.

Eximbank finance may become involved in the $40m. cement plant project which a U.S.-Saudi Arabian backed concern is to build near Port Sudan, as reported in the Financial Times earlier this week.

In two related moves on the development front, the Sudanese Finance Minister, Mr. Mamoun Beheiry, is due to return to-day from Jeddah, Saudi Arabia, after signing an agreement for a $28m. Sauli ryal loan to finance part of the Rahad irrigation scheme. The terms of the loan have not been disclosed but it is the first loan which Saudi Arabia has made to the Sudan and could presage closer economic links between the two countries. Saudi Arabia last year guaranteed the $200m. Eurodollar loan which Sudan raised with the assistance of Adnan Khashoggi, the Saudi financier. It has also offered help with import finance, but this week's loan is the firmest action Saudi Arabia has yet taken.

Diplomatic sources here believe that the new Government in Saudi Arabia, following the death in March of King Faisal, may be taking a more active role in projects with the Sudan and may provide the large sums of money needed to make the Sudan into what the Arab States have at times called "the potential breadbasket of the Middle East."

Meanwhile the Kuwait-based Arab Fund for Economic and Social Development (AFESD) has sent the Sudanese Ministry of Agriculture its report on an agricultural development programme for the Sudan which could involve spending up to Sudanese £1bn. The report, which is the result of an extensive survey, will be considered by the Arab Fund in the autumn after the Sudan Government has given its comments.

The Arab Fund could be the medium through which the Saudi Arabian Government channels any investment funds it proposes to direct to the Sudan.

Beira patrol ends

BY MALCOLM RUTHERFORD

THE BEIRA Patrol, by which for nine years the British Royal Navy prevented the landing at Beira of crude oil destined for Rhodesia, has been discontinued.

Mr. James Callaghan, the Foreign Secretary, said yesterday in answer to a written Parliamentary Question that it was no longer necessary with the independence of Mozambique. His answer reflects Foreign Office confidence that the new Mozambique Government will ensure that no oil will reach Rhodesia via the Beira pipeline, even though its leader, Mr. Samora Machel, has not yet spelt out his Rhodesia sanctions policy in detail.

The pipeline runs from Beira to the Feruka oil refinery near Umtali and is the only one entering Rhodesia. The eBira patrol was set up in the Mozambique Channel shortly after Rhodesia's illegal declaration of independence, to prevent tankers entering the port. An emergency Security Council Resolution in April 1966 gave Britain powers to use force, if necessary.

That was at the time a Greek-registered tanker, the Joanna V, had ignored a British request not to enter Beira. The tanker left four months later without having discharged its oil cargo. Since then the patrol has been completely successful in its limited mission, though, of course, it did not prevent oil entering Rhodesia through South Africa.

UPI adds from Can Phumo: President Samora Machel has pledged his one-day-old nation's support for black nationalism in neighbouring white-ruled states.

Ennals talks on Rhodesia

By Graham Hatton

MR. DAVID ENNALS, Minister of State in the Foreign Office, was due to hold talks with the South African Government on Rhodesia after his arrival from Can Phumo, the newly named capital of Mozambique.

He is to meet the South African Prime Minister, Mr. Vorster, in Pretoria to-morrow. Mr. Vorster's resolve to press for an early settlement of the Rhodesian dispute has been strengthened by the overwhelming support his party obtained in two important parliamentary by-elections in the Transvaal yesterday. In both the Middelburg and Gezina constituencies, the National Party candidates drew more than twice as many votes as the ultra-conservative Herstigte Nationale Party, which has been campaigning vigorously against Mr. Vorster's detente initiative.

In counting support for the United Party — which also stood in Middelburg and which so far has backed Mr. Vorster's Rhodesian moves — the ratio of those for to those against detente was in excess of three to one.

John Stuart adds from Cape Town: The low percentage polls in the Parliamentary by-elections in Gezina and Middelburgh in the Transvaal, and the 8 per cent. swing to the ultra-Right wing HNP at the expense of the National Party this week confirmed the state of uncertainty among rural Afrikaners about Prime Minister John Vorster's partial retreat from previously hard-line domestic and foreign policy in respect of Africans and Africa.

Nationalist observers here dismissed the notion that the results were a manifestation of a white backlash against Mr. Vorster's conciliatory approaches to Black Africa; but they did say that the heavy abstentions (averaging more than 50 per cent.) showed that the party's more conservative grass-roots supporters had suffered a crisis of security.

MRS. GANDHI'S LEVERS OF POWER

The Generals will obey

BY K. K. SHARMA, NEW DELHI CORRESPONDENT

MRS. GANDHI must have full command over four main forces in India to ensure that her plans, whatever they may be, are successful. These are the army, the police, the civil service and the states. Since the loyalty of these forces has never been tested before in an emergency arising out of internal factors —previously states of emergency have followed threats from outside India's borders—obviously any assessment of how these will react to an entirely new situation can only be speculative.

To take the army first, India has nearly 1m. men in its armed forces. Of these nearly two-thirds are deployed along the northern borders against China or in cantonment towns in Punjab to cope with any move by Pakistan. The rest of the army is based in what are known as "peace" stations and can either be used by Mrs. Gandhi or, in the unlikely event that they wish to revolt, act against her.

Resented

The army's role on India's political scene has so far been almost totally nil. The only time it has been called out to act in the country has been to maintain law and order in situations which the police cannot control. This role has been resented both by the civilians and the army in the past and has always been used as a last resort.

The army has nexer exercised any political powers. This is largely because of obvious difficulties in a country as large as India and also because democracy had been entrenched strongly enough for the civil power not to be challenged. But, in a totally new situation, the army could have a new role—though this would depend on whether there is any officer with sufficient backing to assume the role of a military rebel. At present there is no such person; the three Chiefs of Staff of the Army, Navy and Air Force have reached their positions through the normal promotion procedure and have been, in fact, selected by Mrs. Gandhi.

The army is divided into four or five commands—the Western, the Northern, the Southern and the Eastern, in addition to the small Delhi area command. The co-ordinator is the Chief of the Army Staff, with headquarters in New Delhi. Any action, taken by the army in the present situation would have to start orders initiated by him — whether in support of Mrs. Gandhi or against her. It is impossible at present to predict which way the army will go. But the chances are that, being dispersed all over the country and faced with an entirely new and unexpected situation, the generals will fall in line and obey any command given by Mrs. Gandhi (or, more technically correct, the President, who is the supreme commander of the army).

> "It is impossible at present to predict which way the army will go. But the chances are that, being dispersed all over the country and faced with an entirely new and unexpected situation, the generals will fall in line . . ."

Mrs. Gandhi must also have the support of the police. The bulk of the police—both the armed units and others—come not under the central government but the states, which are individually responsible for law and order. Since nearly all the states have governments that owe allegiance to Mrs. Gandhi, the police can be expected to toe the line she draws. There are also large contingents controlled directly from New Delhi. These include several battalions of the Central Reserve police and the border Security police, the latter having been formed to relieve the army of the duty of patrolling the border region with Pakistan and to main law and order in that region. Both groups are armed with infantry weapons and are commanded by men chosen by Mrs. Gandhi. They, too, can therefore, be expected to support the Prime Minister in the new situation. For example, the arrests made yesterday could not have been effected without the co-operation of the police.

The role of the civil service is crucial in the new set-up. The service is led by the Indian Administrative Service, the successor to the Indian Civil Service started by the British. Although called a "central" service, its members actually work for the states (in "state cadres") and officers working for the central government are usually taken from the states "on deputation."

Beyond their day-to-day administrative duties, its members also have powers to control the police which cannot use weapons without approval of the "district magistrate" (usually an IAS officer). So far, the civil service has always obeyed its political superiors, even during the days of the coalition governments in the States in the five years before 1970, when the Congress came to power again. The civil service is efficient and it is largely because of its professionalised functioning that a large country like India has been successfully administered.

But it must be remembered that the IAS is very much a part of the democratic structure. Of all the forces that Mrs. Gandhi must control, this is the most important if she wants her orders carried out; it is also, in the present situation, the biggest unknown factor. Democratic by instinct and training, members of the IAS must surely now be having doubts about Mrs. Gandhi's acts. But any revolt will prove difficult simply because the IAS, despite its all-Indian nature and organisation, is not united as such. It has also been trained to obey its political masters. And Mrs. Gandhi can be expected to weed out possible rebels before they get the chance. Should, however, the civil service unite sufficiently to oppose the Prime Minister, it would be the most difficult to deal with.

Obstructive

Less difficult to deal with, so far as Mrs. Gandhi is concerned, are the states. Fortunately for her, elections in the past few years have brought to power Congress governments in all the states except Kerala (where a Communist-led coalition rules with the support of the Congress), Tamilnadu (where the regional Dravida Munnetra Kazagham is in power) and now Gujarat (where the five-party combine of Right-wing parties has just formed the government). Only Gujarat can prove to be obstructive, and Mrs. Gandhi can be expected to use her emergency powers to take care of this threat. "President's Rule" is now almost certain in Gujarat and its leaders may well join the rest of the opposition in Indian jails.

13 killed in Beirut fighting

By Ihsan Hijazi

BEIRUT, June 26.

HEAVY fighting continued for the third day to-day in two Beirut suburbs between members of the right-wing Phalangist Party and Belfast supporters of the Palestinian guerrillas, leaving at least 13 dead and 30 wonded.

Mortars, RPG rocket launchers and heavy machine guns were used in the intensified exchanges to-day in the adjacent suburbs of Chiyah and Ain al Rummaneh in the South of Beirut. The fighting was still continuing this evening.

Security forces which stood between the combatants came under fire and returned it wherever possible, suffering a number of casualties.

The fighting intensified despite an overnight appeal by Mr. Yassir Arafat, chairman of the Palestinian Liberation Organisation, to the Lebanese to end the crisis following his meeting on Monday with President Franjieh.

In the lengthy statement, which was broadcast by Lebanese radio and television, Mr. Arafat declared the guerrilla movements unreserved respect for Lebanese sovereignty, and emphasised the commandos had no interest or intention in interfering in Lebanese internal affairs or politics.

Reuter reports: The fighting brought accusations in the left-wing Press that the authorities were in league with the Phalangists.

Sources close to security headquarters said they did not know who was shooting, but a Reuter reporter who toured the area said all the firing seemed to be between security forces and left-wingers.

Laos elections postponed

VIETNAME, June 26.

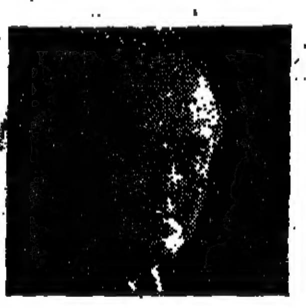
THE LOATIAN Government, now dominated by the pro-Communist Pathet Lao, to-day announced the indefinite postponement of general elections scheduled for July 10.

The announcement, which follows a cabinet meeting last night, came as the Pathet Lao were poised to complete their bloodless take-over of the country.

The national assembly was dissolved on April 13 under pressure from the Pathet Lao who were not represented in it.

Observers said that the elections would probably be held only after the Pathet Lao had completed its continuing process of liberating areas formerly held by the Vientiane side.

JOHN BRIGHT GROUP



Hopes fulfilled

The 52nd Annual General Meeting of the John Bright Group Limited will be held in London on July 16, 1975. The following is a summary of the circulated Statement of the Chairman, Mr. I. M. L. D. Forde, for the year ended March 30, 1975.

THE RESULTS

The results of the Group for the year have fulfilled the hopes expressed in my last Statement. Pre-tax profits of the Group before deduction of Loan Stock interest rose from £944,806 to £1,267,606. Our profit would, however, be substantially lower than the figure shown in our accounts if depreciation were charged at the full rate demanded by the increased replacement cost of plant and machinery. An interim dividend of 0.95p has been paid and your Board now recommends a final ordinary dividend of 1.10p per ordinary stock unit of 25p, making a total of 2.05p for the year as against 1.925p paid for the previous year. After allowing for tax credits, the total dividend is equivalent to 12.441 per cent. as against 11.268 per cent. paid last year.

TRADING

Industrial textiles have increasingly become our dominant operation and our order book in this division at the close of the year remains at a high level. Our spinning capacity enjoyed an almost insatiable demand for cotton yarn until September, when the market declined sharply. The decision was taken during the year to reduce our spinning output to a level more in keeping with our future needs. This reorganisation has now been completed successfully and we are once more trading profitably in our spinning activities. The operations of the carpet yarn spinning unit suffered from the recession in the carpet industry, but the adverse effect was somewhat mitigated by the continuing demand for heat-set yarns.

Since November, the downturn in the motor industry world-wide has been reflected by a fall in the demand for tyre cord fabric. The decision was reluctantly taken in March to close our Carrhill plant in order to concentrate production and preserve the skilled labour force at our other two cord fabric plants.

Building on our present strong position in the technological field of reinforcement materials for the rubber and plastics industries, we have embarked on a major expansion programme in this area.

THE FUTURE

With a good order book for industrial textiles and the improvement in the raw material supply position, we should be able to look forward to another satisfactory year, even though the outlook for our carpet yarn and cord fabric activities is not as encouraging as we would like it to be.

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EUROPEAN NEWS

W. German cabinet split on EEC financial cuts

BY JONATHAN CARR

BONN, June 26.

WEST GERMANY'S policy towards the European Community has again been the subject of sharp differences in Cabinet—and has brought a decision to make a thorough stock-taking later this year.

At the heart of the problem is the fear of Foreign Minister Hans-Dietrich Genscher that Bonn's policy of making every possible financial saving within the EEC is being carried too far. His concern is that excessive zeal in this field will undermine the faith of West Germany's partners in her dedication to European integration.

His view emerged at a Cabinet meeting yesterday—in the wake of criticism by some colleagues that Agriculture Minister Josef Ertl had agreed too easily to EEC protective measures for Italian farmers at a Community meeting earlier in the week.

The Cabinet session also came on the eve of the EEC gathering to consider the future of joint research centres, for which extra funds are being sought. The official Bonn line on this is likely to be tough too. The Foreign Ministry concern is that West Germany will forge for itself the image of ever saving for savings sake, and that this will prove politically counter-productive. A decision has now emerged to review Bonn's EEC policy at a special one-day Cabinet meeting—though it will not be held until September.

This dispute, in which the aims of the Foreign Ministry and those of the Finance Ministry cut across one another, is hardly new. But it appears even sharper now than it did some nine months ago when Bonn initially refused to agree to new EEC farm price rises, causing a widespread if temporary furore.

For one thing there is now even more fierce pressure on Finance Minister Hans Apel to make drastic savings in the face of a Budget deficit this year even larger than was first foreseen. Next year it will be very difficult indeed for the Government to get by without tax increases—but since 1976 is also general election year, every conceivable step is being taken to avoid this.

With some of the key reform proposals of the Social Democrat Party (SPD) already dropped for lack of Government funds, it is politically impossible for Herr Apel not to seek means of saving every possible pfennig abroad as well as at home. In this he has Chancellor Helmut Schmidt's full support.

As for Herr Genscher, he is head of a party—the Liberal FDP—which has long made the running in the Government coalition in urging progress towards European integration. He has all the more reason to continue with this policy in the face of Opposition criticism that the SPD and FDP have become "bloc parties" fundamentally indistinguishable from one another.

France cuts inflation to 10% —Fourcade

By Robert Mauthner

PARIS, June 26.

FRENCH Finance Minister Jean-Pierre Fourcade to-day underlined the seriousness of the British economic situation and compared it unfavourably with the success the French authorities have had in fighting inflation.

After announcing, at a luncheon given by the French business weekly L'Expansion, that retail prices rose by no more than 0.7 per cent in May, the lowest monthly increase since December, 1973, M. Fourcade said that France was now nearing the target of a rate of inflation for 1975 as a whole of less than 10 per cent.

This was the result of a definite policy and not just more favourable external conditions. By contrast, Britain had demonstrated "what results were obtained by those who preferred inflation to unemployment," M. Fourcade said. Prices were now increasing faster in Britain in three months than they would in France over the whole year. What was more, the number of unemployed was the same in Britain at the end of April as it was in France.

The French Finance Minister admitted, however, that it was much too early to proclaim a final victory over inflation even in France. The fall in imported raw material prices had permitted a stabilisation of producer prices, but the discrepancies which still existed between the latter and the retail prices showed that the reductions were not being passed on in many cases.

M. Fourcade also claimed success for his policies in the field of foreign trade. The target of a balanced trade account at the end of 1975, which had been considered unrealistic by most commentators, had been attained 12 months in advance, he said. During the first five months of this year, the trade surplus had amounted to Frs.5bn. (about £550m.) while the current payments balance had been in equilibrium in the first quarter.

The Minister did not deny that these favourable results had been obtained partly as a consequence of reduced economic activity. However, a genuine structural change in trade patterns had also taken place, he said.

Thus, the reduction in France's energy consumption had led to a cut of 20 per cent. in crude oil imports during the first five months of the year; there was now a surplus of more than Frs.1bn. a month for trade in capital equipment, compared with a deficit one year ago; and exports to new markets, particularly the oil-producing countries, now totalled some Frs.1.5bn. a month against only Frs.0.5bn. before the oil crisis.

Socialism is sweeping Europe, says Coutinho

BY ROGER MATTHEWS

LISBON, June 26.

ADMIRAL ROSA COUTINHO, a leading member of Portugal's Supreme Council of the Revolution, told American businessmen here to-day that the tide of Socialism was sweeping through Europe and that his country was determined not to be left behind.

"We shall have to cut corners in order to achieve our aim of a free Socialist society in which collective control over the means of production is a necessary part.

"During the transitional stage that we are now in, and which may exist for the next 20 to 30 years, certain forms of mitigated capitalism will be permitted to exist. We are therefore open to foreign investment during this time and a new code will shortly be published which I can say is liberal."

Portugal and the U.S. earlier to-day signed an agreement for economic assistance through which the Americans will provide $13.25m. for low cost housing in four main areas of the country. Apart from this, the U.S. Government has authorised a guarantee of $20m. of private funds which will also go towards cheap housing. The American embassy said that total aid to Portugal this year had now reached $35m.

However, Admiral Coutinho also had some blunt words for the Americans.

"In the past, during my youth, the United States used to be looked on as the star of freedom—they were the freest people in the world, we thought. But the U.S. is losing its image, perhaps because it became too powerful. America must regain its image with the ordinary people of the world who now think that the star of freedom is just for the rich."

The Armed Forces Movement, in Portugal, had to be considered essentially as a liberation movement, added the Admiral.

"In 1945 and 1946 we wanted help here as did our neighbour (Spain). But, for pragmatic anti-Communist reasons the Western democracies chose not to help us to gain our freedom. Now, 30 years later, we are beginning to catch up and it is interesting to see such sudden concern on the part of these same countries about the course of democracy here."

The situation in Portugal was at present experimental. "We admit we have no definite plan and that is because we are not imposing a special route towards Socialism. But Portugal will have freedom for everyone and there will never be a new dictatorship. However, freedom will not be allowed to block the path to Socialism."

Communism, he thought, had not yet been attained in any part of the world—it was so far still basically an idea.

"But the world is going Socialist and, for example, it is inevitable that more and more workers must be allowed to intervene in the management of companies. Especially in the Mediterranean countries, there is a volcanic movement going on with rising social tensions as pressures. This will be emphasised in the coming months and years and perhaps in the southern part of Europe there will evolve a particular kind of Latin Socialism that will influence not just the Mediterranean but also the whole world."

Comecon energy projects

BUDAPEST, June 26.

COMECON LEADERS ended their three-day summit meeting here to-day with the promise to increase their raw material, fuel and energy production and to continue their long-range integration projects.

A protocol on the 29th Comecon Council, which comprises nine Communist nations, showed that: the Soviet Union will continue as Comecon's main raw materials supplier; the nine members intend to develop new projects in Mongolia and modernise existing industrial projects: they will jointly undertake mining projects in Cuban nickel and cobalt mines and construct ore enrichment plants there: they will continue specialised production and co-operation projects, mainly in the engineering industry, but also in atomic power plant production.

AP-DJ

Publishers warning on Paris strikes

By Rupert Cornwell

PARIS, June 26.

WITH FRANCE virtually deprived of newspapers to-day for the fourth time since April, the Paris newspaper publishers have warned that repeated strikes by printers were putting at risk the future of the country's Press.

This latest one-day stoppage, like its predecessors, is in protest at the plans of the "Parisien Libere," France's number two mass circulation daily, to sack more than 200 printers and close its Paris works as part of an economy drive.

To-day, printers from the Communist-controlled SGT union and the Socialist CFDT marched through the capital, clashing with rival demonstrators armed with banners proclaiming that "the Left is assassinating the Press"—a reference to events concerning the Portuguese daily Republica which have caused so much turmoil here.

The only newspaper on sale in Paris this morning was a "pirate" edition of the Parisien Libere, which appeared, ironically, with the assistance of printers from another union, the moderate Socialist Force Ouvriere.

The statement by the Publishers Association came as deadlock in the dispute between the "Parisien's" publisher M. Amaury and the print union is complete. The Government has made clear that it cannot intervene, although a court order of evacuation still hangs over the occupied premises of the paper in central Paris.

To-day's events have become entangled with other worries about the French Press. It is no coincidence that for the first time in the series of printers' strikes several left-wing journalists' unions have thrown in their support.

Financial difficulties hang over leading Paris papers like Le Figaro which is also the centre of complicated negotiations which could lead to a change in its ownership. Smaller publications are openly fearful that with only one or two more disruptions like to-day's they will be forced to go out of business.

Europe's holiday makers

By Nicholas Colchester

BONN, June 26.

THE WEST GERMAN worker is well-off not only in wages but in holidays and holiday money.

Figures published to-day by Gesamtmetall, the metal-workers' union, show that with 26 working days of holiday and 11 national holidays the West German metal-worker gets the most free time in Europe, ahead of even the Italians with their 15 national days and 20-day holiday allowance.

At the bottom of the holiday list come Holland, Britain and Switzerland. Both Holland and Britain have 20 working days holiday and seven national holidays, while Switzerland is the most industrious of all with just 18 working days holiday and eight national days.

In addition to the free time the West German metal-worker also gets the most pay and the most "extra holiday money" with which to enjoy it. His pay of an average £512 for the total free time is supplemented by another £180 of holiday money. The £692 total compares with £590 for the very-well-paid Danes and the Dutch, who get bigger holiday bonuses than anyone else. The British metal-worker's holiday pay is the lowest of all, with wages of £195 supplemented by no bonus. The French, the Italians and the Swiss also get no holiday bonus, and the first two of these are only a little better off than the British with total holiday pay of £245.

Import drop boosts surplus in May

BY NICHOLAS COLCHESTER

BONN, June 26.

A MARKED drop in Germany's imports in May brought the country's trade surplus up from DM2.8bn. in April to DM3.3bn. in May and thus broke the deteriorating trend in the German trade balance that has characterised the statistics so far this year.

The latest figures show import in May of DM14.25bn. against DM16.88bn. in April and DM18.08bn. in May of last year. The export statistics show DM17.50bn. for May down from DM16.96bn. in April and DM20.96bn. in May 1974.

In the first five months German imports were down virtually unchanged in nominal terms at DM73.3bn. compared with DM72.2bn. in 1974. Exports, on the other hand were down noticeably, reflecting the weak export market that is now troubling German industry. The five month figure here was DM89.9bn. compared with DM95bn. last year.

The statistics for average worth show that May's imports were on average 3.3 per cent. cheaper than they were a year earlier, and that exports from Germany were 4.4 per cent. more expensive, both percentages referring to Deutschemark prices. The equivalent price figures for March were plus 6.2 per cent. for exports and minus 4 per cent. for imports. When these latter adjustments are applied to the five month export and import figures they suggest that imports so far this year are up by over 4 per cent. in real terms while exports are down by some 12 per cent.

The German surplus on current account for May was DM1.1bn. compared with DM700m. in April. The current account surplus for the first five months is thus running at DM7.2bn. compared with its level at this time last year of DM12.6bn.

Guy Hawtin writes from Frankfurt: West Germany's electro-technical producers moved deeply into recession in the first quarter of the year, according to figures released by their Manufacturers' Association. In nominal terms output fell by 8 per cent., while in real price-adjusted terms the decline was far higher at 12.5 per cent.

Unemployment in the industry, which rose to 5.2 per cent declined slightly in the spring, said the report of the Zentralverband der Elektrotechnischen Industrie. However, some 900,000 workers were affected by short-time working.

Equally worrying was a sharp decline in incoming orders. The overall decline was 13.7 per cent., indicating that output will drop further. The heaviest fall, 14 per cent., was in domestic orders but export orders were also off by 12.9 per cent.

The ZVEI states that utilisation of capacity fell to an average of 75 per cent., while manufacturers were hit by rising raw materials prices and sharply increased personnel costs.

Security summit date deadlock

BY OUR OWN CORRESPONDENT

GENEVA, June 26.

THE 35-NATION European Security Conference failed to-day to set a date for a final summit meeting in Helsinki with Russia demanding the end of July but meeting strong opposition from an ally—Romania.

The Romanians rejected Soviet efforts to fix a summit date before arrangements are made for a formal follow-up review conference.

With support from nearly all of the smaller countries—Western, Communist and neutral—Romania said there must be agreement now on ascertaining later whether everyone lives up to their promises.

This formal review is opposed by both the Eastern and Western big Powers. They argue that a review can be arranged on the basis of developments following the signing of a completed document, which is in effect no more than a declaration of intent not subject to ratification.

Western countries to-day generally approved holding a concluding summit as soon as possible, but had reservations on fixing a date as long as some major issues are still outstanding.

These include the prior notification of military manoeuvres—on which Moscow is proving obstinate—and an article upholding Four-Power responsibilities in Berlin.

There is also the question of guaranteeing freedom of access to radio and television broadcasts, which would mean an end to all forms of "jamming."

Malta to-day also rejected the setting of a summit date at this time, declaring that the conference now has to turn to matters concerning the Mediterranean.

This would, among other things, include the representation of Cyprus at the envisaged summit. Here, Turkey strongly opposes Cyprus being represented in Helsinki by Archbishop Makarios.

The conference, which has now been going on for two years, works on a concensus basis, meaning that as long as any one country formally rejects a proposal there is no agreement.

The Co-ordination Committee, which is responsible for the conference time-table, including the fixing of a summit date, agreed to meet again to-morrow and then again on Monday.

Officials said that a summit date agreement to-morrow is "impossible" and "very unlikely" on Monday.

Finland proposed July 28, arguing that it requires four weeks to make the security and logistical arrangements required by such a large gathering of heads of state and government.

Socialists say 'No' to new Centre-Left coalition in Italy

BY ANTHONY ROBINSON ROME, June 26.

ANY LINGERING hopes within the current Christian Democrat Party leadership that the Italian Socialist Party (PSI) is prepared to accept the prompt reconstitution of the four-party Centre-Left coalition formula both nationally and locally, as proposed by Sig. Fanfani, have been thoroughly dashed by the PSI. Addressing the PSI leadership meeting to-day party secretary Francesco de Martino said it was simply impossible for the Christian Democrats to re-propose the Centre-Left formula as if nothing had happened at last week's regional and local elections or that the bitter electoral polemics between the CD party and the PSI party had not taken place.

Sig. de Martino's analysis of the election result is that the PSI has not succeeded in becoming the principal protagonist of the Left in Italy but that its moderate success has increased its importance as the arbiter of Italian politics. Furthermore, he said "the electorate has not linked the PSI with the policies followed by the Christian Democrats and the increased votes for the PSI show that its supporters see it as a party of the Left and an interpreter of a profound desire for changes."

The Socialist leader was at pains to underline, however, that his party opposed any attempt to provoke the fall of the present two-party Government led by Sig. Aldo Moro and called on the Christian Democrats themselves to undertake a fundamental re-examination of their policies and methods as the essential prerequisite for an eventual reconsideration of the possibility of closer collaboration between the two parties.

On the highly important question of the type of political alliances to form at a local and regional level Sig. de Martino said that this posed fundamental questions of political strategy. The choice was between adherence to the pre-electoral formula of forming Centre-Left coalitions locally wherever numerically possible and the elaboration of a new strategy to seek much wider forms of co-operation between the three major parties, including the Communist Party, and those minor parties who wished to participate as well.

Such a strategic issue, however, required ample debate and would have to be one of the principal topics for discussion at a fully fledged party congress to be called as soon as possible and for which preparatory work must start immediately.

Spokesmen for two of the leading internal factions, Sig. Riccardo Lombardi and Sig. Giacomo Mancini, insisted on the anti-Christian Democrat nature of the election result and called for an essentially Left-wing approach for the party. This would raise the prospect of that Left-wing alternative to Christian Democrat hegemony which contrasts with the Communist Party's policy of a broader alliance to include Catholic elements which goes by the name of "historical compromise."

Meanwhile, the Communist Party has given a highly significant example of what it understands as "concrete politics" by sending a small, top-level delegation directly to the newly appointed Chief of Police, Sig. Goirgio Menichini. They called for prompt action to uncover and dismantle the hide-outs of Right-wing extremists, and similarly promptaction to improve the professional position and working conditions of the police force, including the right to organise their own trade unions.

By direct action of this kind, the Communist Party clearly hopes to demonstrate both its concern with the public order question and its capacity to convert its political programme and electoral promises into practical effect. In this way it is contrasting its own efficiency with the state of utter paralysis and confusion now reigning in the Christian Democrat Party in the wake of its unprecedented electoral defeat.

Gromyko in Rome

BY ANTHONY ROBINSON ROME, June 26.

SOVIET FOREIGN Minister Andrei Gromyko arrived in Rome to-day for an official visit whose formal purpose is to maintain bilateral contacts and discuss the European security situation in the light of the forthcoming Helsinki conference. His visit has an added significance because from July 1 it is Italy's turn to chair the Common Market Council of Ministers in the person of Foreign Minister Mariano Rumor, who will be Mr. Gromyko's principal partner during his three-day visit.

Leaving the formal aspect of the visit aside, however, Mr. Gromyko is the first highly placed Soviet official to visit Italy since the Italian Communist Party's sweeping gains in the regional and local elections. On Saturday night he is holding a reception at the Soviet Embassy at which he will certainly meet high-ranking members of the Italian Communist Party.

Meanwhile, the Italian Press has noted that the Communist Party's electoral victory has received scant attention in the Soviet Press compared with the blanket coverage in Western newspapers. An article from the Moscow correspondent of the Turin paper La Stabpa interprets this an an indication that the prospects of the Communist Party's entering the Government is causing as much perplexity to the Soviet leaders as to U.S. Secretary of State Henry Kissinger.

The increased prestige of the Communist Party, its close links with the heretical Yugoslav party and the Spanish party led by Señor Santiago Carillo, its criticism of the Portuguese party led by Moscow-trained Alvaro Cunhal, its insistence on the gradual dissolution of both the Nato and the Warsaw pacts all amount to signs of the potential emergence of a new Mediterranean pole of attraction within a world Communist movement already split between Moscow and Peking.

The Italian Communist Party has gained votes precisely because it has convinced a growing part of the Italian electorate that it respects and believes in the value of democratic institutions and the right of each country to move towards Socialism in the light of its own national cultural and historical traditions. But this is hardly an orthodox Soviet viewpoint.

Swiss Bank may tighten foreign exchange rules

BY JOHN WICKS DAVOS, June 26.

THE SWISS National Bank is currently examining possibilities of further tightening its regulations governing forward foreign exchange transactions. This was stated here to-day by the Bank's president, Dr. Fritz Leutwiler, at the annual general meeting of the Swiss Chemical Industry Association. The existing situation, he said, still permitted foreign interests to avoid the 10 per cent. per quarter negative interest rate on foreign Swiss franc accounts.

Dr. Leutwiler said the National Bank was sceptical about the benefit of a greater degree of intervention on the foreign exchange market to uphold desirable exchange rate levels. The Bank had, he said, purchased dollars worth about Swiss Frs. 4.4bn. since the start of this year. These purchases of up to $100-200m. on given trading days had not proved successful in holding down the Swiss franc rate correspondingly. Dr. Leutwiler spoke of the "very negative experiences" the National Bank had had with its former pre-floating interventions, which had themselves been partially responsible for the highest Swiss inflation rates since the war.

Further National Bank purchases on the foreign exchange market were to be expected however, he added, claiming there would probably be no marked fall in the Swiss franc rate by the end of the year.

The call for a two-tier market for the Swiss franc had now almost disappeared, Dr. Leutwiler said. There could be no question of Switzerland re-introducing a ban on foreign investments.

By the numbers

BY JOHN WICKS ZURICH, June 26.

IN A STATEMENT issued from its Basle offices, the Swiss Bankers' Association said that "despite misunderstandings and obscurities" that occasionally occur with regard to numbered accounts, there is no reason for the system to be abolished.

Reacting to reports of unofficial talks between the National Bank and representatives of the major commercial banks on the future of the Swiss system of numbered accounts, the association says that these accounts have in the past played a valuable part in complementing the statutory banking secrecy rules to protect particularly the assets of politically and racially persecuted persons. To-day, too, there are "perfectly legitimate grounds" for many bank clients to demand this discretion.

It would be false and one-sided to suppose there were criminal funds behind Swiss numbered accounts. Holders of numbered accounts and those applying for them were investigated especially carefully by the banks. The banks depended on a good reputation and the trust of their clients and had no interest in protecting criminally obtained money.

COPYRIGHT IN THE SOVIET UNION

Brought to book at last

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

MIXED FEELINGS greeted Moscow's long-delayed accession to the Universal Copyright Convention in May, 1973. Western publishers and performers were delighted because it signalled an end to piracy in one of the world's biggest markets for words and music, which cost them untold millions in lost royalties. Others feared that the move was intended to stifle further dissident writing, by making it an offence against the foreign trade laws to publish abroad privately.

Two years later Moscow's decision seems on balance to have been a good thing. Little has been heard of it being used as a weapon against dissent. On the other hand, the Russians have been busy signing up copyright pacts with the 63 other signatories to the convention. They have proved lucrative for western writers, composers and musicians. This work has been done by the Soviet Copyright Agency VAAP, a somewhat anomalous body officially classed as non-governmental, but which nevertheless enjoys foreign trading rights normally reserved exclusively for State organs.

VAAP is headed by a former editor of the youth newspaper Komsomolskaya Pravda, Mr. Boris Pankin, whose dark and craggy features are now well-known in western copyright offices. He and his main officials were in London earlier this month, where he told a Press conference that the Soviet Union had fixed up agreements with most of the major countries in the West and that VAAP would be setting up offices in Sweden, Britain, France, Germany, the U.S. and possibly elsewhere.

There was much scope for exchanges, he said, and the Soviet Union was looking forward to playing a full and constructive role in the copyright field. Asked why the Soviet Union had joined the Convention after so long, Mr. Pankin said his country wanted to normalise relations with the rest of the world as far as possible. "Accession is linked to our detente policy," he said. "We wish to broaden our cultural co-operation with other countries. But we have also taken the step out of respect for creative people."

VAAP's relations with Britain are governed by agreements with the Performing Right society, the Publishers' Association, and the British Copyright Assocation. But details are negotiated directly between VAAP and the publishers, writers, and other agencies whose works it wants to use. For instance, it signed contracts with Boosey and Hawkes for the sale of Soviet music in Britain, and with Pergamon Press in Oxford for the exchange of about 30 titles a year, mainly scientific and technical.

Talks at this level often involved hard bargaining. But they also showed up the width of the gap between western and Soviet copyright practice that must be bridged before copyright relations can be said to be completely normal. The biggest difference is how royalties should be assessed, and has held up book publishing in particular.

According to Mr. Andrew Nurnberg of Robert Harben Associates, the literary agents, who is the principal negotiator, the Russians do not pay the author a percentage of the retail price. Instead, they pay by length, with the author receiving royalties according to a set scale per 16 printed pages. (This figure evolved from galley proofs known as authors' signatures containing 16 pages of type which need the author's approval before they may be folded and cut.)

> 'The Soviet system is designed to sustain writing that does not pander to a popular market . . . Were the Soviet Union to operate a Western percentage royalty system, party ideologues might find themselves on the breadline.'

As one might expect the system has encouraged verbosity, but it suits the peculiarities of the Soviet book market where the "worthiest" books are frequently those with the least appeal, and vice versa. So the system is designed to sustain writing that does not pander to a popular market, though this does not mean that no light reading is published. Were the Soviet Union to operate a western percentage royalty system, party ideologues might well find themselves on the breadline, while popular writers, whose books are frequently snapped up in one day, could become rouble millionaires overnight.

In fact, Mr. Nurnberg says, his system is very remunerative for western authors. Since most of the books the Russians order are scientific and of limited appeal, the author gets a guaranteed and substantial return, the rates being anything up to £100 per author's signature. Also, the amazingly low prices of many books in the Soviet Union would make a percentage royalty derisory. One of Mr. Nurnberg's books is currently being sold for 30 kopecks, or less than 20p.

The trouble is that the Russians have a scale of rates for authors' signatures which discriminates against foreign authors. First publication in the Soviet Union attracts the top rate, but translations, whether into Russian or another Union language, get only one third as much. The Russians say western titles bought and translated through VAAP should get translation rates, but the western position is that foreign titles constitute a first publication in the Soviet Union and should get top rates.

The Russians offered to compromise by paying percentage royalties, but though western publishers operate this system themselves, they will resist it because it would mean a smaller return than authors' signatures for the reasons already described. It would be different, of course, if the Russians started importing more popular books: their enormous print orders running into hundreds of thousands would provide a decent return. Mr. Nurnberg feels a step has been taken in this direction with VAAP's decision to buy Rendez-vous With Rama, a science-fiction novel by Arthur Clarke.

Music has been easier to organise. Soviet records are paid not by length but by the number produced, a form of percentage royalty which the West believes will yield a fair return. According to Mr. Pankin light music gets less than serious music, but makes up for it by being mass produced. A typical Soviet record, he said, has a run of about 3m. copies earning about ½p each, which works out at £15,000. British musicians would even get royalties from Soviet juke boxes, which is more than they do from American ones because of a quirk in U.S. legislation, he pointed out.

Mr. Pankin warned that performing rights might present some problems because Soviet Radio and TV, the main performer of foreign works, is short of money. But he believed something could be done, especially where previously unpublished works were concerned.

There is one big hole that VAAP cannot and will not plug. Russia's accession to the Convention has no retrospective effect, meaning that Soviet book and record publishers can go on using foreign works published before May, 1973, without paying royalties. Mr. Pankin hinted that exceptions might be made to prove Soviet good faith. Western copyright lawyers have confirmed though that it would be too complicated to compel payment for all works that still attract royalties in the West. But with a market of 250m. now prepared to pay for what they hear, see and read, the Western copyright owner agrees that progress has been made.

HOME NEWS

BHS, Sainsbury seeking hypermarket go-ahead

BY SANDY McLACHLAN

BRITISH HOME STORES and J. Sainsbury have lodged an application for planning permission for a hypermarket with selling area of 90,000 sq. feet on a site three miles outside Colchester, Essex.

This is the first planning application lodged by the two companies since the announcement in April that they were to form a new company jointly to develop hypermarkets.

The application by two such powerful retailing names is seen in some quarters as a direct challenge to the planning authorities, which have been slow to grant applications for these very large out-of-town stores.

Indeed, the original announcement that Sainsbury and BHS were entering the field was warmly welcomed by other hypermarket operators such as Carrefour and Tesco who took the view that they were gaining important allies in breaking down entrenched opposition to the hypermarket concept.

The choice of Colchester for the first application is interesting in the light of this, although a Sainsbury spokesman said yesterday that it was partly co-incidence that Colchester was the first of a number of applications under consideration to come to the top of the pile.

Part of the interest lies in the fact that the Sainsbury/BHS partnership is not the first to put in applications for sites around the Colchester area.

A year ago, Carrefour submitted outline plans but as time went on, it received no reply from the local authority concerned and has subsequently withdrawn its application.

Outline plans

The proposed Carrefour site was close to the 18-acre site at Stanway—three miles west of the town centre—which Sainsbury/BHS are proposing to develop.

Two other groups also have applications in. Asda has submitted plans for one of its superstores, while Tesco is also seeking permission for a hypermarket.

Another point of interest is that Sainsbury already has a store in Colchester while BHS is intending to open a large store which will include a food section and a restaurant in the town centre in March next year.

BHS states that its plans for the town centre store will go ahead even if the hypermarket is allowed and according to Sainsbury, its supermarket will continue to trade, even with a hypermarket outside the town.

Part of the controversy over hypermarkets is their effects on existing trading centres, with established traders objecting on the grounds that their businesses will be hard hit.

Hypermarket operators claim that these very large stores are complementary to existing centres and the Sainsbury/BHS combine is putting this point forcibly by choosing its first site by a town where both groups are represented.

The proposed store would have a gross area of 130,000 sq. ft. and car parking facilities for around 1,250 cars. The two companies say the plans involve intensive tree planting and landscaping and claim that the surrounding road network is well able to handle any extra traffic generated.

If the joint company is allowed to develop the hypermarket it will sell food textiles and general merchandise to the standard which prevails in existing Sainsbury and BHS stores.

This merchandise will include own-label goods from each company and because of the economies which hypermarkets allow, prices will be cheaper than in stores of the two groups in central locations.

'Unofficial' whisky exports scotched

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

DISTILLERS Company, the major Scotch group, has taken action to stop the unofficial export of whisky from the U.K., the so-called "parallel" market.

This trade developed in a big way over the past year because of the large differential between the price of whisky bought in the U.K. and the export price.

It has upset sole agents abroad because the brands they have been handling have been on sale at below the price they must charge.

Now the DCL, whose brands include Johnnie Walker, Haig, White Horse, Dewar's, Black and White, and Vat 69, has written to all its U.K. customers offering them new contracts.

The company has pointed out that the various discounts offered to big customers on its brands apply only to the U.K. While the export of those brands to Common Market countries was permitted under the new contract (but not to countries outside the EEC) customers must in future specify which part of their order they intend to export. They will then be charged the gross price for the whisky because it will not qualify for the U.K. discounts.

The DCL also says it reserves the right to charge the gross price on all whisky delivered to any particular customer if it discovers on sale in overseas markets bottles sold for U.K. consumption and on which a discount was allowed.

The effect of this move is to make it no longer financially worthwhile to export Scotch through unofficial channels.

The DCL was not able to force its customers to stop exporting Scotch because then it would itself have been in breach of Common Market free trade regulations.

Lord Watkinson promises Industry Bill 'bumpy ride'

BY HAROLD BOLTER, INDUSTRIAL EDITOR

LORD WATKINSON, the Confederation of British Industry's President-elect, issued a warning yesterday that the CBI's fight against the Government's controversial Industry Bill is by no means over.

Lord Watkinson made the point at a conference on the Bill held in London, at which he emphasised that the proposed legislation could have a "very bumpy ride" in the House of Lords.

"It is too early to make final judgments on the amendments to the Industry Bill published on Wednesday," he said. "At first glance it would seem that though there have been one or two useful amendments to make the Bill more workable, our main criticisms have not been met.

"That being so we will continue to press our case in both Houses of Parliament. In the meantime, we will not let it alter our determination to do our best for our own businesses and in this way get the capital investment and the exports on which all our future employment depends."

Earlier, Lord Watkinson had stressed that the CBI realised that it was not for the confederation to ask the Government to abandon its policies—"that is for the Opposition to achieve in Parliament and in the country and not for the CBI."

The Government had simply been asked to do what its predecessors had done and take reasonable account of national rather than sectional interest in forming its legislative judgments.

This might well mean that no-one would get all that they demanded, but that at least some basic industrial needs would be met in the interests of efficiency.

Optrex to switch production to Swindon

Financial Times Reporter

OPTREX, the medical and toiletry manufacturer, yesterday announced that it is to move manufacturing operations from its Middlesex plant to Swindon.

The transfer will be phased over the next two and a-half years and 130 production workers will be made redundant. The decision will not affect existing warehousing and distribution arrangements which will continue at Perivale. New headquarters office accommodation will be found, probably west of the London area. The 120 staff now employed at Perivale will all be given the chance of relocation.

Dr. G. T. Bassil, managing director of Optrex, said after announcing the decision: "We have decided to make this change to allow us properly to continue the considerable expansion plans that we have in hand for the Optrex company over the coming years.

"We feel that the age of the present manufacturing building in Perivale and the restricted size of the site rule out the possibility of rebuilding or upgrading the present factory.

"It has, therefore, been decided to move the facilities to another group manufacturing plant in Swindon and to progressively complete the operation around the end of 1977."

Optrex was acquired jointly in January this year by Hoechst U.K. and Roussel Laboratories.

FLOAT-OUT DELAYED

The float-out of the all-steel production platform Highland Two, due to take place early yesterday at Nigg Yard Graving Dock, North-Eastern Scotland, was delayed because of high winds.

The platform, the last of the pattern of four production platforms for British Petroleum's North sea Forties field, will be floated out as soon as weather and tide permit, a spokesman for Brown and Root—Wimpey Highlands Fabricators said.

Ulster police form anti-killer squad

BY OUR OWN CORRESPONDENT

BELFAST, June 26.

A SPECIAL murder squad to deal specifically with Ulster's sectarian killers is to be formed, Sir Jamie Flanagan, Chief Constable of the Royal Ulster Constabulary, announced to-day.

This follows his promise to introduce new measures to deal with sectarian murder, which is now the biggest security problem.

Formation of the new unit, to be known as the A Squad, means expansion of the hard-pressed CID. It is thought that some 36 detectives will be assigned to it.

Sir Jamie said the A Squad would work closely with the Special Patrol Group, which already operates in difficult areas, and would be a powerful arm to the efforts of the RUC to track down killers.

The present wave of murders, in which over 100 people have been killed this year, presents a major challenge to the police, as the absence of organised terrorism since the IRA cease-fire and the resulting phasing-out of detention mean that the only way to tackle the problem, as Mr. Rees said this week, is by painstaking police work.

There was a critical contest of community versus crime, said Sir Jamie, and he appealed to the community to isolate the criminals and help the police, who are nearly 2,000 under strength. A youger generation was being corrupted, he said, pointing out that 295 young people were apprehended last year over terrorist-type offences, 84 of them under 16 and six less than 14.

On the political front Mr. William Craig's Vanguard Unionist Party has won the first round in its bid to have the three parties in the Protestant coalition unite in a single party. Vanguard is to be allowed to raise the issue at the next meeting of the coalition steering committee.

The idea of forming one party, which would, in effect, be a re-creation of the old, monolithic Unionist Party, has been debated on and off for some time. Vanguard is committed to the merger, but the Rev Ian Paisley's Democratic Unionists are believed to be cool towards the idea, while the official Unionists also have reservations.

Stork TV advertisements case for High Court

A HIGH COURT judge is to decide whether the "can you tell the difference?" TV adverts for Stork margarine are legal. The Butter Information Council claims that under the 1967 margarine regulations, advertisements for margarine cannot include a description which refers to butter.

Van Den Berghs and Jurgens, who make Stork, are seeking a High Court declaration that their adverts are within the law. They have started legal proceedings against the Independent Broadcasting Authority, which, pending a legal decision, banned the advertisements following objections from the Butter Information Council.

Mr. Justice Oliver yesterday gave leave for the Butter Information Council, which represents butter producers, to be joined as defendants in the forthcoming action.

In the action, Van Den Berghs, part of the Unilever Group, seek legal clearance for three television advertisements.

Cigarette prices rise

Carreras Rothmans is following its competitors and raising its prices on Monday. Most of the company's cigarette brands will go up by 1p for 20, but the prices of nine of its brands will remain unchanged.

As a result of the increases Rothmans King Size will now cost 46p for 20 and Piccadilly Filter 42p. Pipe tobaccos will also go up in price, but the three new cigarette brands which were launched shortly after the Budget will not change in price.

Tower Hamlets to buy 108 acres in Dockland

BY JOHN TRAFFORD, PROPERTY EDITOR

TOWER HAMLETS Council has voted to buy 108 acres of dockland at Wapping from Riverside London, a Port of London Authority subsidiary, for £4.75m. The land will be used for housing 5,000 people, with some commercial and industrial development.

The details of the redevelopment have yet to be settled. Mr. Paul Beasley, leader of the council, says it will decide the final form of the Wapping local plan in the next few weeks, following a recent exercise in public participation.

"Then," he says, "that plan and the Stage One planning application will go to the Docklands joint committee, and it will be for them, with the involvement of the GLC and possibly the Secretary of State for the Environment, to say yes or no."

The Docklands joint committee consists of representatives from the GLC and the London boroughs of Greenwich, Lewisham, Newham, Southwark and Tower Hamlets.

BSC coke output cut

Financial Times Reporter

COKE PRODUCTION is to be reduced by about 50 per cent. at the British Steel Corp. works at Hartlepool Teesside.

The cutback, due to start to-day, comes two weeks after iron making was suspended at the plant and steel production reduced from 16,000 tons to 2,000 a week.

Coke production at Hartlepool's North Works is to be cut from 2,100 to 1,000 tons a day. The number of ovens in operation will be reduced from 27 to 15.

At the South Works, production will be cut to-morrow from 6,700 to 3,000 tons a day using 36 of the 87 ovens.

A BSC spokesman said the reduction was necessary because of a fall in demand within the Teesside and Workington group, caused by a drop in orders. "The 200 operatives affected will be found alternative employment if they are not employed on coke production," he added.

The cutback had angered the local steel workers action committee which is campaigning to retain steelmaking at Hartlepool beyond 1978.

The committee is to ask Mr. Eric Varley, Industry Secretary, for an inquiry into the running of the plant. Mr. Ted Leadbitter, the town's MP, has made a similar request.

IN BRIEF

'Far East' port

The Port of Cardiff has been recognised by the Far East Freight Conference as a port for which there is no additional freight charge for direct delivery. It is now listed as such in the FEFC tariffs covering shipments from the Far East.

Extra sailings

To cope with an increase in demand for cross-Channel car ferry bookings, Townsend Thoresen is to make four extra sailings a week between Southampton and Cherbourg.

Name change

Brockhouse Engineering, West Bromwich, becomes Brockhouse Transmissions on July 1. The name change is expected to assist exports, which already account for 25 per cent. of turnover.

New trade centre

A trade centre has been opened in Manchester by Montedison (U.K.), a subsidiary of Montefibre SpA., Italy. The Italian fibre producer intends to become one of Europe's major fibre makers.

Commerce team

Chambers of Commerce team to meet the Chancellor of the Exchequer to discuss economic situation to-day at the Treasury will be led by the president, the Earl of Limerick, and chairman of council, Mr. Nigel Mobbs.

APPOINTMENTS

B. F. W. Scott joins Lloyds Bank Board

Mr. Bernard F. W. Scott has been elected to the main Board of LLOYDS BANK. He is chairman of Lucas Industries and a member of the British Overseas Trade Board.

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Mr. G. J. Costello, a deputy chief cashier of the BANK OF ENGLAND will become chief accountant from October 2 on the retirement of Mr. R. C. Balfour. Mr. G. L. Wheatley, an assistant chief cashier, becomes a deputy chief cashier in Mr. Costello's place.

★

Mr. E. P. Galvin has been appointed to the Board of ARTHUR GUINNESS SON AND CO. (DUBLIN) from September 1. Mr. C. M. Jones will be made manager of the engineering department of AGS (Dublin) from that date.

★

Mr. D. J. Hubble has been appointed a director of CHRISTIE-TYLER.

★

Mr. E. G. Bearn, manager, head office staff of the ROYAL LONDON MUTUAL INSURANCE SOCIETY and Mr. Gerald Doone, manager of the estates department, have retired.

★

Mr. Charles F. Herzberg is to join CLARKE CHAPMAN as corporate development director from August 1.

★

Mr. Peter Parrott has been appointed to the newly created position of financial director of GRAND METROPOLITAN HOTELS from June 23. He was previously with Cunard Lines.

★

Dr. G. B. Turner will become chairman of BRITISH CELANESE on July 1 and continue as managing director. The Courtaulds main Board director monitoring British Celanese will be Mr. C. A. Hogg, the former chairman. This new arrangement will give Mr. Hogg more time for his other Courtaulds group activities. Dr. W. J. Bushell will be retiring from the Courtaulds Board after the annual meeting on July 23. He will be succeeded as chairman of the Courtelle division and as chairman of the worsted spinning division by Dr. R. F. Followell from July. The Courtaulds main Board director monitoring the Courtelle division and worsted spinning division will be Mr. J. P. Koppel, one of the two group deputy chairmen.

★

Mr. Aubrey Jones has joined the Board of INBUCON INTERNATIONAL.

★

Mr. Bryan R. Basset has been appointed a director of the TECHNOLOGY INVESTMENT TRUST.

★

Sir John Colville has been elected deputy chairman of the OTTOMAN BANK COMMITTEE in London in place of Mr. M. J. Babington Smith, who recently became chairman.

★

The ASSOCIATED ENGINEERING GROUP has made the following appointments: Mr. B. Fisher joins the Board of Conrad as finance director. At the Glacier Metal Company Mr. J. Campbell has become sales director in place of Mr. G. H. Allen, who remains a director with special duties.

★

Mr. David Blaikie has been appointed deputy chief general manager of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION from July 1. He became a general manager in 1970 and has been a director since 1971.

The Queen, escorted by Sir Henry Hardman, chairman of the Covent Garden Market Authority, at the opening ceremony. She was accompanied by Prince Philip and the Minister of Agriculture, Mr. Fred Peart.

Queen opens new Covent Garden market

Financial Times Reporter

THE NEW 68-acre Covent Garden market complex at Nine Elms, south of the Thames, in London was opened yesterday by the Queen. She is seen here, escorted by Sir Henry Hardman, chairman of the Covent Garden Market Authority, on a tour of the fruit stalls. She visited one of the large fruit and vegetable market buildings while the Duke of Edinburgh, who also attended the ceremony, visited the other.

The market was built at a cost of £37m., a substantial proportion of which was a Ministry of Agriculture grant. Trade has been carried on there since last November when the operations so familiar to opera lovers at the old Covent Garden market in central London was closed down.

Most of the tenants in the new market trading in fruit and vegetables have received six-year leases. Office rents average £2 a square foot for the first three years with an increase of 10 per cent at the start of the fourth. Flower market trading space rents of £3 a square foot have been agreed for the first three years with a fixed 10 per cent. increase for the following three years.

Meanwhile the future of the old Covent Garden remains uncertain. Two institutions, the National Provident Institution and the London Life Association, have carried out short-term renovation while preparing long-term plans based on conservation of the existing buildings.

BBC's new governor

By Michael Thompson-Noel

MR. MARK Bonham Carter has been appointed a governor and vice-chairman of the BBC, it was announced from 10 Downing Street yesterday.

He succeeds Lady Plowden, who resigned the vice-chairmanship on becoming chairman of the Independent Broadcasting Authority.

Mr. Bonham Carter, who was *the first chairman of the Race* Relations Board, *from* 1966-70, is chairman of the Community Relations Commission, a director of the Royal Opera House, Covent Garden, and governor of the Royal Ballet. He is 53.

It was also announced yesterday that Lady Stedman, vice-chairman of Cambridgeshire County Council, has been appointed a member of the IBA. The appointment is until July 31, 1979, and completes the membership of the authority.

Growing pressure on bookmakers' margins

BY MICHAEL THOMPSON-NOEL

OFF-COURSE betting turnover last month showed a 9.5 per cent. *advance on May, 1974, from* £135.5m. to £148.4m., confirming the pattern of the past 14 months which shows that U.K. gambling expenditure, in real terms, is falling.

Most U.K. bookmaking companies *report stiff* pressure on margins, while some of the biggest, such as Ladbroke, are selling or closing some of their shops.

At its peak, the Ladbroke betting shop chain numbered 1,140 units. This has now been reduced to around 1,080 and may eventually be slimmed to 900. Most of this, however, is straightforward rationalisation: in some instances, Ladbroke is replacing three or four backstreet units with one "super-shop" on a prime site with a weekly turnover target of £20,000-plus.

Provisional Customs and Excise figures published to-day show that in May off-course bookmakers paid £11.13m. in betting tax compared with £10.16m. in the same month last year. On-course bookmakers paid £617,000 (£610,000); the horseracing Tote paid £210,000 (£147,000) — the increase reflects the Tote's recent off-course expansion; and dog *Tote operators paid £250,000* (£240,000).

Football pools betting continues to grow. Pool betting duty paid last month totalled £8.19m. against £6.98m. in May 1974, while bingo operators paid *£553,000 compared with £475,000.*

Overall, betting and gaming duties last month totalled £21.13m. (£18.81m.) In the 12 months to March 31, 1975, these taxes raised a total of £238.55m. compared with £185.46m. in the *previous 12 months—partly the* result of increased turnover, partly of higher rates of off-course betting and pools duty.

£9M. MACHINE FOR BSC WORKS

A CONTINUOUS casting machine costing more than £9m. is to be installed at the BSC works at Lackenby, Teesside.

The machine, which will produce *slabs for plate rolling mills,* will complete the continuous casting plant commissioned three years ago.

EMI ahead in computer X-ray–U.S. magazine

BY DAVID FISHLOCK, SCIENCE EDITOR

EMI IS ahead of its two U.S. competitors at *present* in opening up the new market for computer-aided medical X-ray machines, but will encounter tough competition in future from U.S. General Electric, Siemens and Pfizer, according to the U.S. business magazine *Forbes.*

The report suggests that one important reason why the new technology will sell well in the U.S. *is public enthusiasm for* malpractice suits against doctors.

The computer-aided X-ray scanners *can differentiate* with remarkable clarity between the soft tissues of the body, even when these are shrouded by bone.

U.S. doctors who fail to use the technique on their patients could *later be held liable* to charges of negligence if, for example, the patient turns out to be suffering from an undiagnosed tumour.

According to *Forbes,* doctors estimate that by the early 1980s *few of the 1,350 U.S. hospitals* with more than 300 beds will be without a scanner.

Doubts

Competitors to EMI's latest system, the body scanner, are Technicare's Delta-Scanner, which Siemens plans to market outside the U.S., Britain and Canada; and Digital Information Science Corporation, in process of being acquired by Pfizer.

EMI is reported to be looking for 75 per cent. of its sales of the new system in the U.S., the article raises doubts whether the *X-ray market* can support all the big companies now wanting to break in. There is speculation, it says, that EMI may cater for the more medically advanced type of *hospital,* while Technicare and Pfizer offer less sophisticated machines to smaller hospitals.

An EMI body-scanner recently began clinical trials at the Medical Research Council's clinical research unit in London. Two U.S. hospitals—the Mayo Clinic in Rochester and the Mallinckrodt Institute of Radiology in St. Louis—are soon to start their own trials.

The system, first announced in March, featured at the third congress of the European Association of Radiology in Edinburgh this week. It scans the reclining patient in "salami slices" about 13 cm. thick, showing the image of each successive slice on a television screen.

Problems

A leading article in The Lancet to-day suggests that there are a number of medical problems where the body scanner *could be of immediate value,* such as tumours of the pancreas, which "have long proved a problem in diagnosis, even with elaborate radiological techniques." In addition to revealing any enlargement of the pancreas, *it is expected to be able to* differentiate between tumours and other kinds of diseased tissue, such as cysts.

In disputed cases of pneumoconiosis—the miners' disease—the body scanner should permit a *measurement* of the amount of silica in the patient's lungs.

EMI, with orders for about 250 brain scanners, expects to make its first deliveries of the body scanner early next year.

Jersey to seek private aid for £5.5m. leisure centre

FINANCIAL TIMES REPORTER

JERSEY'S authorities have reversed an earlier decision and are now looking for private enterprise "partners" to complete a £5.5m leisure centre complex overlooking St. Helier.

The 23-acre Fort Regent site, a former Napoleonic fortress, already attracts some 500,000 visitors annually. In 1963 it was proposed to hand the development of the centre to a private *company and build a casino.* But it was decided that the Jersey Government should undertake the project itself — without casino — with part of the finance coming from the profits of its own local lottery.

The main plan was to roof the fort's three-acre parade ground, build a conference rotunda and indoor sports centre all surrounded by some 56 barrack rooms converted to a variety of uses.

Doubts about rising costs, annual losses, and the wisdom of including the conference rotunda caused MPs to "freeze" for 12 months the £1m. necessary for completion, but a report in May 1974, recommended that development should proceed.

Escalating costs have now persuaded MPs to invite greater participation by private enterprise and one company is *already well advanced with* negotiations to develop the piazza area.

The Fort's director, Mr. Peter Smyth, and the Fort Regent Development Committee, which has promised to report back to *the Jersey Parliament in the* autumn, are anxious to find a good use for the rotunda area.

MPs have stressed that while welcoming more commercial interests they would not favour "hurdy-gurdy" style attractions.

WINE SALE

Port prices improving

BY EDMUND PENNING-ROWSELL

AS VINTAGE port was second only to classed-growth claret as an investment item in the wine speculation boom which ended just two years ago, Christie's final port sale of the season provided an *opportunity* to *gauge* the current state of the market after the sharp post-boom falls in price.

The vintages most speculated in were the younger wines of the 60s—'63 and '66—so price levels *are of interest to the many* still holding these wines.

Although in a well attended sale there were no spectacular price rises, an average of £10-£12 per case higher than earlier in the year suggests that the market has reached bottom and might go higher.

The preponderance at this sale of the private buyer intent only on small-lot purchases led to discrepancies in price between these and the larger quantities of main interest to the trade only.

Thanks partly to several keen American buyers, rarities fetched good prices. A single bottle of the rare Warre '31 brought £32; Taylor '04 made up to £115 a dozen; Cockburn '35 at £165 a dozen equalled the previous auction record; and Taylor '45 at *£160 was scarcely below it.* Taylor '48 went for £100 a dozen.

The message for those with younger vintage ports is surely to hold them, while those without might find this a good time to buy—for drinking later rather than short-term investment. The sale total was £36,000.

PARLIAMENT

PM wants to build on TUC plan

THE TUC six-point economic plan was welcomed by the Prime Minister in the Commons yesterday

Mr. Dennis Skinner (Lab., Bulsover) asked Mr. Wilson to tell the House "with that simple Yorkshire bluntness and directness for which he is famous, whether he agrees with it yes or no?"

Amid laughter, the Prime Minister replied: "Yes, sir. I greatly welcome the statement that was made yesterday."

"We will want to discuss it and build on it. It is extremely helpful and I am sure the whole House and the Opposition will welcome the matter to which Mr. Skinner in his blunt Derbyshire manner has drawn attention."

During later questions, Opposition Leader Mrs. Margaret Thatcher said heatedly "The longer you take to deal with inflation, the higher unemployment will be in the end. The unemployment you get next year will be directly attributable to your indecision."

Mr. Wilson replied: "We have made it clear we are giving very urgent attention to these problems. I hope you will tell us how much you welcome the move by the TUC yesterday."

It was right to give time for the TUC to take "this important decision. We shall discuss this with them urgently and I believe that such a solution would carry widespread support."

Mr. David Steel (L. Roxburgh, Selkirk and Peebles) said it was unlikely anything could be done to improve the trading position or the currency slide before the Government brought forward promised economic proposals. "Will you do it as soon as possible?"

Mr. Wilson: "Yes. That is what we would like to do. We want to get it in a workable form certainly before the recess."

Mr. Wilson said: "This matter must be pushed on with urgency. We have now got something very important on which to build which has not happened before, in relation to the TUC.

"The former Conservative Prime Minister spent very many months talking with the TUC, but was not prepared to offer what was necessary to get the kind of offer we got yesterday.

"We want to build on this and I hope the House will be prepared to give long enough to the Government."

MPs press for early statement on salaries

THE LEADER of the House, Mr. Edward Short, was pressed in the Commons yesterday for an early statement on the Boyle report on MPs salaries and conditions.

Labour MP Mr. Eric Agden (Liverpool, West Derby) accused him of "being no more helpful than the old coalmine owners were to miners in the old days."

Mr. David Steel (Lib., Roxburgh, Selkirk and Peebles) suggested that "under present economic circumsances" the Government might be justified in not granting the full award given in the report. The report was long overdue.

Mr. Norman Tebbit (C Chingford) said that publication of the report was not only a matter of interest o he Commons bu to people ouside it.

Mr. Michael English (Lab Nottingham W) suggested that if the Government was embarrassed with its negotiations, it could publish hte report "and allow us and our constituents to consider it and what its recommendations mean."

Mr. Short said he understood the concern about this. "The Prime Minister received the report ten days ago and it will be published eventually."

Answering Mr. English, he said: "It's not a case of being embarrassed. The report is very complicated and the House will have time to consider it."

Beira oil patrol ends

MR JAMES CALLAGHAN, Foreign and Commonwealth Secretary, announced in the Commons yesterday that the oil blockade of Beira by the Royal Navy has been ended.

He stated: "We have discontinued the Beira patrol which, for more than nine years, has been successful in preventing the pumping of oil through the pipeline from Beira to Southern Rhodesia.

"With the independence of Mozambique, such patrolling is no longer necessary to achieve that purpose."

Credits still unclaimed

DESPITE EXTENSIVE publicity, some 2.4m. of the 17m. post-war credits originally credited, still remain unclaimed. This was disclosed in the Commons yesterday by Mr. Denzil Davies, Treasury Minister of State, who told Mr. John Pardoe (Lib., North Cornwall), he would be considering whether anything more could be done to increase the flow of claims.

Peers vote to recover brokers' commission as compensation

BY JOHN HUNT

CONSERVATIVE AND Labour backbenchers combined to inflict another defeat on the Government in the Lords last night by passing an amendment to the Policyholders Protection Bill, a measure which is designed to protect policyholders in the event of the collapse of an insurance company.

Labour peer **Lord Peddie** successfully amended the Bill so that it would provide for recovery of some commission, paid by insurance companies which fail from the brokers who had placed the business. It was passed by 86 votes to 38, a majority of 48 against the Government.

This is the sixth Government defeat in the Lords this week. The earlier defeats were on the Bill which lifted the penalties on the Clay Cross councillors and the legislation which set up the Scottish Development Agency.

Two more of Lord Peddie's proposals, contained in a new clause and a new schedule to the Bill, were agreed without a division. They dealt with the details of the recovery of commission.

Lord Peddie said that his proposals were supported by the Life Offices Association and the trade unions in the industry.

Opposition spokesman **Lord Aberdare** supported the proposal. He said there had been instances where brokers might have made a considerable amount of money in commissions from a company which had failed. It would be inequitable if under the new Bill they were to escape scot free when it came to finding funds to compensate policyholders.

But for the Government **Lord Winterbottom** said the proposal would be to some degree unfair to intermediaries and, indirectly, even to policyholders. A large part of the commission received by an intermediary was for expenditure expended by them, for their services. It would be unduly harsh to provide for the recover yin the way that Lord Peddie was proposing.

Later, **Lord Winterbottom** told the House that the Government had examined the circumstances in which the various powers in the Bill should be used. It had been agreed with the Policyholders' Protection Board that the power to make regulations would be exercised only after consultation with the Board.

The Board could not exercise its powers for the rescue of a company where it was considered that it would cost less to allow the company to go into liquidation.

The Bill was given an unopposed third reading and passed.

State expects N. Sea oil deficit

MPs were yesterday given their first insight into Government costing of its proposed 51 per cent. share in North Sea oil.

The "cash flow deficit" next year is expected to be between £300m. and £500m., Energy Under Secretary Mr. John Smith, told a Commons Standing Committee.

He stressed the uncertainties of estimating future costs and prices, but said that total North Sea oil production in 1976 was expected to be about 20-25m. tons. That would give a gross revenue on present prices of about £800-£1,000m.

If the Government had achieved a 51 per cent. participation in commercially-proven fields, its gross revenue would be around £400-£500m.

From this gross revenue must be subtracted royalty and operating costs of perhaps £100m.

With the total capital expenditure for the North Sea running at about £1.5bn. a year, the British National Oil Corporation's share next year assuming 51 per cent. participation would be about half.

The Government cash flow deficit was therefore expected to be between £300m. and £500m. he told MPs examining the Petroleum and Submarine Pipeline Bill, which sets up the British National Oil Corporation and enables the Government to take its 51 per cent. share.

Mr. Smith said that compensation arrangements would vary from company to company. It would not be in the Government's interest to reveal its negotiating hand.

Bearing in mind the revenue of hundreds of millions of pounds, an appreciable allowance must be made for compensation.

Mr. Smith made his statement in response to repeated Conservative demands, led by "shadow" Energy Secretary Mr. Patrick Jenkin, for information on the financial arrangements for the BNOC.

Mr. Jenkin declared: "The stark unpalatable fact is that this Government is facing a short-term crisis of terrifying proportions. It is simple lunacy to add to these short-term problems by embarking on these extravagant proposals which can only make the solutions of these problems infinitely more difficult."

Mr. Joe Grimond (Lib. Orkney and Shetland) said it did not make sense to be greatly increasing the Government's borrowing requirements for a highly speculative venture in the North Sea.

Ruling to-day on Scargill remarks

THE SPEAKER, Mr. Selwyn Lloyd will rule in the Commons to-day whether statements made by Mr. Arthur Scargill, president of the Yorkshire area of the NUM, amounting to a "toe-the-line or else . . ." ultimatum to the six Yorkshire Labour MPs sponsored by the union constitute a prima facie breach of Parliamentary privilege.

Mr. George Cunningham (Lab Islington S and Finsbury), who raised the issue, said that Mr. Scargill's remarks appeared to be a prima facie breach of privilege and were based on a resolution passed by the Yorkshire area council of the NUM.

He listed three main elements in the resolution:

1—No MP sponsored by the Yorkshire area of the NUM shall vote or speak against union policy on any issue which affects the coal mining industry;

2—No such member shall actively campaign or work against union policy on any other major issue;

3—If any such member refuses to agree to these guidelines or violates these guidelines, the area council shall withdraw sponsorship from that MP.

Mr. Cunningham said it had also been reported that the area council had stated: "We wish to make it clear that the Yorkshire area will no longer tolerate a situation where an MP accepts the privilege of sponsorship by the union and then demands the luxury of independence from union policies."

He recalled that the question of sponsorship of MPs was exhaustively examined in 1947 when sponsorship as such was by no means condemned. Nor was the termination of sponsorship by the sponsoring authorities.

But Mr. Cunningham emphasised that the 1947 report by the Committee of Privileges had clearly stated that it would be wrong to use the termination of sponsorship as a threat to an elected member in the proper discharge of his duties.

There were cheers from both sides of the House when Mr. Cunningham stressed that Mr. Joe Gormley, the national president of the NUM, was not only not associated with Mr. Scargill's remarks but had dissociated himself and the union nationally from them.

Extension of licensing study

THE GOVERNMENT is currently considering the extension of surveillance licensing to clothing, Mr. Gerald Kaufman, Under-Secretary for Industry, told the Commons yesterday.

He also stated that the Department was examining whether there was a case for safeguarding action regarding imports of woollen suits.

No plans for £1 coin

THE GOVERNMENT has no immediate plans to introduce a £1 coin. This was made clear in the Commons yesterday when Mr. Paul Rose (Labour, Manchester Blackley) suggested that steps should be taken to put a £1 coin into circulation together with a re-designed 10p coin.

Mr. Robert Sheldon, Financial Secretary to the Treasury, told him:: :"The balance between notes and coin is reviewed from time to time, but I have no present intention of making a change."

Next week's business

COMMONS business next week is:

MONDAY: Debate on the fishing industry; opposed private business.

TUESDAY, WEDNESDAY, THURSDAY: Industry Bill, rmg. stgs.

FRIDAY: Debate on EEC documents on Community budget, and on aids to shipbuilding.

MONDAY (July 7): Private members' motions; Statutory Corporations (Financial Provisions) Bill, rmg. stgs.

We don't keep detainees as hostages, says Rees

NORTHERN IRELAND Secretary, *Mr. Merlyn Rees*, said in the Commons yesterday that he was not in busness to keep people in detention as hostages for something that might happen outside.

He was replying to an Opposition spokesman, Mr. John Biggs-Davison (C., Epping Forest), who said that the release of eight detainees after an admitted IRA bombing had occasioned some anxious surprise.

Mr. Rees said he must deal with detention on the merits of the case and the nature of detention must be understood. "Last year while the campaign of the IRA was still on, the commissioners released 97 people because they were carrying out the law."

Mr. Rees said that the Government's policy on detention was related to the level and nature of violence prevailing. Since December 22, 1974, the date of the original ceasefire by the Provisional IRA, he had released 276 detainees. A further 25 had been released by the commissioners. Further releases would depend on the situation as it developed.

"I have to take into account the fact that people who are released may well go back to violence. I have to take into account the existing situation in deciding on the speed of release."

The Rev. Ian Paisley (UUU North Antrim) said that Government incident centres were giving the Provisional IRA a standing in the community to which they were not entitled.

Mr. Rees replied: "I am sure these centres have played a part in preventing misunderstandings." There were cases where people jumped to conclusions and decided which group had carried out a bombing or a murder.

He said that the IRA ceasefire had brought a "very marked reduction" in Provisional activity, and he hoped the ceasefire would develop. "At the moment there is violence of a different nature — internecine, inter-factional and sectarian.

"It is most important to stop the growth of this other sort of violence which is balanced more on the Loyalist side than on the Provisional side.

nual Statements—Contd.

THE RUBBER GROWERS' ASSOCIATION

MARGINAL PROFITABILITY FOR PLANTATIONS

SUPPORT FOR RUBBER PRICE RATIONALISATION

MR. J. K. BARLOW'S COMMENTS

The Annual General Meeting The Rubber Growers' Associaon Limited was held on June in London.

Mr. J. K. Barlow (the Chairan) presided and, in the urse of his speech said: My edecessor last year was able remark with pleasure that embers of the Association were joying selling prices for bber and palm oil which though not beyond the dreams avarice were decidedly satisctory. Unfortunately, this state euphoria was, as it is all too ten and particularly when one dealing in commodities, latively short-lived and so, spite continued inflation and erefore diminution in real lues, quoted prices also showed decline from the peaks reached 1973/4.

Rubber Price Stabilisation

There has long been a feeling nong producers and consumers ike that the natural rubber dustry and the palm oil indusy in common with other basic mmodities would benefit from y system which would have the fect of stabilising prices. One the most interesting developents of the last year has been e emergence of numerous hemes designed to achieve this ject.

Some of these proposals appear be rather more visionary than actical and to fail to take into count facts such as the existce, in the oils and fats market, such a number of competing w materials as renders any greement on stabilisation highly oblematic; but in the case of bber, where competition is ore clearly defined and where e cost of production of the ain competitors must inevitably e maintained at a comparatively igh level by the world prices f mineral oils, there does ppear to be an opportunity for stabilisation scheme to be rought into being.

The Malaysian Government has aken the initiative and, with the ull support of the other memers of the Association of Natural Rubber Producers (Malaysia, Indonesia, Thailand, Sri Lanka and for this purpose, Singapore) is in the process of developing a double-headed scheme which it is hoped will achieve the desired objective This scheme is based upon withholding from the market suffiient natural rubber to ensure hat there is as nearly as possible n equilibrium between the annual figures for the supply and demand of the commodity—both by operation of a physical buffer stock and, if need be, by measures designed to restrict overproduction.

The natural rubber industry, and this Association in particular, has assured the Malaysian and other governments concerned of its whole-hearted support in measures designed to achieve stabilisation of prices. Needless to say, as producers, members of the Association hope hat restrictions on production can be kept to a minimum—and ndeed, we are confident that the ntrinsic qualities of the product coupled with skilful marketing will enable production to be increased and still to find a ready market. In this connection we appreciate—as do the governments of the ANRPC countries—hat anything in the nature of a producer's cartel aimed at raising prices beyond reasonable bounds would inevitably be selfdefeating. Consumers too have a direct interest in and desire for price stabilisation at levels hat will be fair to all concerned, and it is therefore in the interests of all that agreement should be reached on precisely how this is to be achieved. The world rubber market has served the industry well in the past, and no doubt will continue to do so n the future—the more so as he market in Malaysia itself is developed and strengthened.

I am confident that, with all the good-will and backing which is available for the proposed price rationalisation scheme, it will prove to be a success.

Long Term Prospects for Rubber

Although attention is currently focussed upon the immediate endeavours to achieve a stabilised price for rubber, it is, I think, worth while to take a look at the long-term prospects for this essential commodity. The revolution which has taken place in the recent past in the supply and marketing of oil—the basis from which synthetic rubbers are constructed—has rendered the competitive position of natural rubber more secure than it has ever been in the second half of this century. There is, of course, a correlation in price on world markets between natural rubbers and their synthetic counterparts, with the latter being usually somewhat the more expensive: now that synthetic prices are likely to stay at historically high levels it is reasonable to suppose that an equitable price for natural rubber can be achieved which will give the producer a fair return for his labour.

However, there is one obvious qualification which must be made. Rubber of all kinds is a commodity whose desirability in the world markets is directly related to the health of the world's economy—in particular to that of the United States and, to go even further, to the health of the automotive industry there and elsewhere. At the present time the outlook is not encouraging and the United States motor industry is in the doldrums. It does appear that the long-lookedfor and long-hoped-for upsurge in the car industry and the United States economy has yet to come. Nor is the world economic situation any brighter, for the developed countries of the western world have their own problems and, as always, the car industry is one of the first to be hit by financial and economic blizzards. I am confident that the natural rubber industry will weather this storm as it has done so many others, but I cannot hold out hopes that the so prosperous days of 1973 and 1974 will be repeated in the near future.

Heavy Duty Burden on Palm Oil

When one looks at the other major plantation crop in which Association members are most interested—the oil palm—the situation is also somewhat bleak. The unexpectedly high prices obtained in 1974 have, as was inevitable, vanished and although the resultant fall may have been slightly excessive it remains true that the prices of many of the competing oils are still comparatively below that of palm oil. However, the selling price of the commodity is not the only factor dictating the profit obtainable, for production costs and rates of duty must also be taken into account. The former have increased as a direct result of inflation in both the producing and consumer countries, while in Malaysia, the largest producer in the world, duty rates have reached a point which can almost be described as penal. This is the unlooked-for result of the application of a system of collection designed for an entirely different set of circumstances, and the point has been, and is currently being, taken up with the appropriate authorities.

I am sure we will get a sympathetic hearing from a Government which has shown on numerous occasions a real appreciation that the welfare of the industry reflects directly on the welfare of the country.

I would, not only in this connection but in the most general of terms, like to take this opportunity of extending the congratulations of the Association to Datuk Musa Hitam upon his appointment to the vital post of Minister of Primary Industries.

During Datuk Musa's recent visit to the U.K. the Association took the opportunity to assure the Minister of the Association's continued support for the policy of his government which is aimed at improving the role of Malaysians and especially "bumiputras" in the economy of the country. This is a natural and understandable desire, and we have all been very happily impressed by the Government's approach of cautious implementation over a period of time: I therefore sincerely trust that the Government policy so carefully thought out and clearly designed will be allowed to reach fruition without any of the undue haste which is so often a feature of modern life. Under such sensible provisions foreign investment can continue to help support a strong and stable Government in Malaysia which is so necessary in view of the recent dramatic change in the balance of power on the Indo-China land-mass.

The Chairman concluded his statement by paying tribute to the work by his colleagues on the Council and Committees of the Association, by Tan Sri Sir Claude Fenner in Malaysia and Mr. Eyles and the secretarial staff in London, and welcomed the new Director, Mr. Stemson, to renewed association with the plantation industry.

LABOUR NEWS

Engineering unions back 'substantial' rise for 2½m.

BY CHRISTIAN TYLER, LABOUR STAFF

A PAY CLAIM affecting 2.5m. engineering workers was launc engineering workers was launched yesterday in conflict with the proposal for flat-rate rises included in a six-point discussion plan agreed by the TUC General Council only 24 hours before.

The Confederation of Shipbuilding and Engineering Unions at its annual conference here took only five minutes to adopt a resolution from the Amalgamated Union of Engineering Workers called for "a substantial increase" in the national rate for skilled workers in shipbuilding and engineering.

But the resolution, moved by Mr. Hugh Scanlon, president of the AUEW and chief negotiator for the industry, also commits the unions to seeking pro-rata increases for unskilled men.

Mr. Scanlon agreed afterwards that if the TUC finally settled on the flat-rate scheme yesterday's claim would be in conflict with it. But he stressed that the TUC's anti-inflation guidelines were far from fixed yet.

At Tuesday's meeting of the General Council Mr. Scanlon voted against the adoption of the guidelines, in accordance with his union's decision last week to reject any form of social contract.

Yesterday the Transport and General Workers' Union delegates, whose general secretary, Mr. Jack Jones, is promoting the flat-rate idea, voted for the wage resolution with the rest. However, the crunch point has not yet been reached and the pro-rata clause would be only one element of any tussle that might build up between the TGWU and AUEW over the wider social contract issue.

National negotiations affect only minimum rates, hours and conditions. Subsequent plant-level bargaining determines actual earnings—for the great majority already far higher than the £42-a-week rate negotiated this year.

But yesterday Mr. Scanlon said it was time to lift the national rate considerably, even though plant-level bargaining should continue as usual.

The claim was unquantified, he said, because it was unclear what the situation would be in January or February next year, when negotiations opened.

"Who can tell what will happen, as a result of yesterday's debate, in the General Council discussions with the Government?" he asked.

He said national raes had been neglected at the expense of plant negotiations — a clear warning to the Engineering Employers' Federation an dthe shipbuilding employers of the tone of next year's talks.

The social contract was not mentioned. Mr. Scanlon, who was the only speaker on the resolution, said the previous day's debate on a motion rejecting Government interference with free collective bargaining had taken all the sting out of the wages debate. He was clearly somewhat disappointed to have missed that by being in London for the General Council.

Later the confederation backed a demand for a 35-hour week after Mr. Moss Evans, national organiser of the TGWU, said that a shorter working week could "materially assist" the fight against rising unemployment. Engineering workers to-day were clocking up about the same number of actual hours worked as 30 years ago, he said.

Miners press for 'flexible' output targets

By Our Labour Reporter

THE NATIONAL Union of Mineworkers is to press for more "flexible" output targets after recent production figures which show that Britain's miners have not dug enough coal to earn them a bonus for the next three months.

At a meeting between the union and the National Coal Board yesterday it was agreed to set up a joint inquiry into miners' disappointing production performance over the past three months.

Miners have been paid a £2.90 a week production bonus based on their output during the first quarter of the year but this runs out at the end of this week and will not be replaced by any new bonus because targets have not been reached.

Mr. Joe Gormley, NUM president, told the NCB yesterday that the 29.87m. ton coal target for the quarter ending this month did not properly allow for miners taking more of their statutory rest days during the summer.

Mr. Gormley will press for a lower target for the next quarter when he meets the NCB next week but management may well argue that the root of the problems lies in absenteeism

Expand Post Office role, says union

BY LORELIES OLSLAGER, LABOUR STAFF

THE POST Office Engineering Union yesterday called for the development of a fully integrated telecommunication system, including telephone, data and facsimile transmission and broadcasting, to be set up over a number of years over the next decades under the auspices of the Post Office.

As part of this effort, a "new relationship" had to be developed between the P.O. and private industry, giving the office a greater influence and control over at least one of the three major manufacturers of telecommunications equipment, the union said. Standard Telephones and Cables was singled out as the best candidate for "further integration" with the P.O.

Mr. Bryan Stanley, the general secretary, told a Press conference that ideally the union would like to see private telecommunication manufacturers taken into public ownership. If the political climate did not allow this, then one alternative would be to give the P.O. man opportunity to take over one of the manufacturers, either through the market or through legislation.

The proposed National Enterprise Board might also offer a solution by helping the P.O., in conjunction with the Government, to obtain some representation on the Boards of the private companies, Mr. Stanley added.

He coupled his call for an integrated system for the future with a warning to the Government not to extend the much-vaunted cuts in public expenditure to the telecommunication sector. Unless the investments necessary for an advanced, single band system were made now and in the next few years to come, Britain would end up with a third-rate system which in turn would impede economic development.

Mr. Stanley claimed that the PO had already made certain decisions for the electronic system to be introduced in the future, code named System X. These decisions ought to be made public now so that producers and consumers could make their plans accordingly.

It was necessary and logical for the PO to be in charge of setting up the integrated system, if costly fragmentation and duplication of private and public effort was to be avoided.

In a pamphlet "Telecommunications To-day and To-morrow" released at the conference, the union repeated its call for a complete separation of production and distribution of radio and TV programmes.

The PO should be given total responsibility for distribution from the moment a signal left the studio.

Gas industry staff reject 25% pay offer

BY OUR LABOUR REPORTER

PAY TALKS covering 59,000 white-collar workers in the gas industry were adjourned yesterday without agreement on an employers' offer which would increase salaries by a total of 25 per cent.

This offer was tabled yesterday in response to a 35 per cent. claim by the industry's dominant white-collar union, the National and Local Government Officers Association. NALGO has already warned that industrial action by its members cannot be ruled out if a satisfactory offer is not made.

In a bid to reach a settlement, the Gas Corporation yesterday raised a previous 21.7 per cent. offer, to reflect the latest retail price index figures. But the 25 per cent. package still fell short of NALGO's 35 per cent. claim which is designed to yield 24 per cent. rises after tax and deductions — the amount the union says is needed to keep pace with cost of living increases.

The present agreement expires on July 1 and fresh negotiations have been arranged for July 11 when, apart from pressing for a further improved offer, NALGO may renew its demand for improved service and redundancy provisions.

Talks on council workers' award

BY OUR LABOUR CORRESPONDENT

LOCAL AUTHORITY employers and leaders of their 1m. manual workers meet to-day to consider a compromise arbitration award announced yesterday which improves pay differentials by up to £2 a week and adding £25m. to the wages bill in a full year.

However the ward, which will cost £10m. for the remainder of this year, falls far short of the £46m. claimed by the unions to restore per centage differentials to their 1969 levels.

In reply to the demand for increase ranging from 38p to £3.29 a week on the "B" to "G" grades in the seven grade structure the tribunal headed by Professor Rodney Crossley of Leeds University, has awarded increases of between 80p a week and £2 but these cover only grades "D" to "G."

About 286,000 fulltime and 100,000 part-time workers are covered by the award which is payable from July 1 and which in the tribunal's words should be seen as "the first step" towards improving the differentials situation.

Last night Mr. Charles Donnet, national officer of the General and Municipal Workers Union and secretary of the union negotiators, said that while he was disappointed the tribunal had not met their entire claim "nevertheless they have awarded a substantial improvement" and had declared this should be just a "first stage."

● To-day delegates representing 400,000 local government white collar workers meet in London to consider a 25 per cent. pay offer made in reply to demands for 35 per cent. increases.

9,000 call off Triumph strike

By Our Midlands Correspondent

BRITISH LEYLAND breathed more easily after 8,000 Triumph workers at Coventry agreed yesterday to withdraw notice of a strike due to start on Monday and to accept an improved ay offer for the new contract beginning on July 1.

However, it is not yet out of the wood, for a ay strike at a components subsidiary, Alford and Alder, Hemel Hempstead, which supplies front suspensions and other items, has already caused 1,000 to be laid off at the Liverpool plant making sports cars and saloon bodies for final assembly at Coventry. Unless it is settled, thousands more Triumph workers could be laid off.

The Triumph pay dispute was disposed of after two days of discussions at Hastings between management and shop stewards.

The men have accepted an extra 50p on top of the £6 offer, plus a lump sum payment of accepting completely a day rate system and eliminating bonus payments.

In addition, discussions are to be held on improvements to fringe benefits including holiday injury entitlements.

The annual conference at Hastings of the Confederation of Shipbuilding and Engineering Unions has been used to try to resolve the associated Rover pay dispute, over which seven Midlands and two Cardiff plants employing about 10,000 last week staged a three-day strike.

Rover's workers are expected to meet to-day to hear details of their improved pay offer believed to be worth between 10p and 80p a week on top of £6 interim payment already being reviewed plus an extra 30p a week at the bottom end to bring it into line with the Triumph offer.

Additionally, Rover workers are being offered a lump sum payment of £60.

Bonus for workers who refused rise

NEARLY 300 knitwear workers who six months ago turned down the offer of higher pay to help their companies out of a cash crisis, are to share in a bonus pay-out of more than £10,000 to-day.

After learning of the cash problems facing Checkmate Fashions and Exonette Fashions at Leicester, the staff decided to help by imposing the voluntary wage freeze.

It helped the companies to keep their prices competitive and to win new business and to avoid short time working which is general throughout the knitwear industry.

Mr. Stevan Olsberg, managing director of Checkmate, said: "The sacrifice our work force made enabled us to keep our prices really competitive in spite of continually spiralling outside costs.

"The employees have more than made up for their lost pay rise and things look good for the future as well."

400 allege 'victimisation' at hospital

FOUR HUNDRED ancillary workers at Morriston Hospital, Swansea, went on strike yesterday in protest at the alleged "victimisation of a shop steward."

The strike is in support of demands for an independent inquiry into the treatment of Mr. Len Price, 26, National Union of Public Employees' branch secretary at the hospital, who led a strike early this year over pay beds

Mr. Price, a doorkeeper at the hospital, claims he is "lined up for dismissal." He says the authority has refused to pay him for days he was off sick and on holiday and for overtime.

He says he has lost between £50 and £60 and considers the authority's action amounts to a fine.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Fast connection with less noise

PRIVATE BRANCH automatic telephone exchange equipment (PABX) known as REX providing 100 to 1,000 extensions has been introduced by Reliance Systems of the GEC Group.

Using sealed reed relays as the switching points the exchange has electronic control and can set up calls faster than conventional Strowger and cross-bar systems. Operation is almost silent and the exchange requires far less floor space.

High-speed push button telephone instruments are used for the extensions giving very rapid internal connections. When extension users make outside calls via the slower public network exchanges, REX stores the keyed number and then automatically sends it at Strowger speed.

Some 13 grades of service are available for application to specific extensions, ranging from executive right of way facilities down to simple extension-to-extension calls. The grade of an extension is changed by easy patch panel pin alterations. Extensions can be dial phones if desired.

The usual recall button facilities for incoming call transfer, or inquiry of another extension while holding the call, are provided.

Among the optional facilities available is EROW, or executive right of way, by which selected extensions designated "executive" can inject a tone into an established connection to make the speaking parties aware of the need to terminate. Alternatively the executive extension can clamp on to the wanted connection until cleardown. In both cases the wanted extension is rung when free and connected to the executive's instrument. Two other options are inter-BPX tie lines and group hunting in which an extension can "scan" five others until a free one is found.

Planned for the future are: metering of an extension's STD calls; short code dialling, in which frequently used long codes are reduced to a few digits; fall-back from congested tie lines to public network; staff location/paging; fire alarm; central dictation; and direct dialling in (DDI) in which internal extensions can be dialled direct from anywhere in the public network.

Since REX is electrically quiet it can also handle data; suitable terminals can be connected at random to extension lines. The operator's unit is about typewriter size and has full display facilities. Reliance is at Turnells Mill Lane, Wellingborough, Northants (0933 5000).

Headset is comfortable

STARSET is a micro-miniature electronic telephone receiver with built-in microphone which allows the user complete freedom of movement. Noise-cancelling characteristics improve telephone transmission and reception significantly and office or other background noises are almost eliminated.

It allows the user to carry on with desk or other work while conversing freely. Its extreme light weight of less than one ounce means day-long comfort for the wearer and the slender voice tube pivots universally and telescopes to conform to the wearer's profile.

Balanced design allows Starset to rest lightly on the ear and be worn comfortably with or without spectacles. Unlike conventional headsets there is no headband. A set of six different sized ear tips is supplied from which the operator can choose the appropriate size and shape to fit the ear.

It is fully compatible with all existing equipment including switchboards, PABX and desk installations, and is normally fitted with a Type 420 jack plug.

Dye TMC, Martell Road, Dulwich, London S.E.21. (01-670 2211.)

● MACHINE TOOLS

Fast change increases output

DEVELOPED IN Germany by Madison Industries GmbH, an interchangeable tooling system, known as the BTG-Madison-Hektobore, is claimed to increase productivity by reducing machine down time during tool changing, ensuring close repeatability and precision.

It provides a series of toolholders and adjustable heads, all rapidly interchangeable, and covering a range of diameters from 25 to 375 mm. The system is said to be particularly suited to vertical and horizontal boring machines, and numerically controlled plant.

Rapidity of tool changing stems from the short conical seating (much shorter than normal taper shanks) which permits tool removal after minimal slide (or spindle) retraction. The equipment comprises a toolholder with a choice of shanks. This has a short truncated cone register on which the cutter head locates on a bayonet fixing. It is locked by a single screw operating an eccentric.

Cutting heads are pre-set away from the machine—all have identical axial lengths so datum repeatability is assured. The range includes boring, back counter-boring and chamfering heads and special tooling for individual requirements as well as measuring and pre-setting fixtures.

The system is marketed in the U.K. by Birmingham Tool and Gauge Co., Unit 6, Gravelly Industrial Park, Erdington, Birmingham B24 8HY (021-328 1214)—a member of the Patent Industrial Group.

● HAND TOOLS

Laminate trimmer

TOUGH trimming applications in the plastics and woodworking industries are said to be made with ease with the 8120 laminate trimmer introduced by the ARO Corp. (U.K.), Caernarvon LL55 2BG (0286 3551).

Powered by a heavy duty air motor, the tool is designed for continuous operation at 20,000 rpm, driving an Erikson collet and accepting a wide range of proprietary cutters with ¼ inch shanks. Adjustable guides allow setting for depth control and a roller form contour guide enables straight, curved or irregular shapes to be followed.

Weighing less than 2 lb., the tool may be used either vertically or horizontally.

● PACKAGING

Packs wood shavings into bags

A MACHINE has been developed which compresses wood shavings into a gussetted polythene sack to make a convenient weather-proof pack measuring 24 x 24 x 16 in. and weighing 25 kg.

Made by Prodac, 34 High Street, Thatcham, Berks. (0365 63208), it requires a ground space of 29 x 23 in., will operate from a 13A socket and is fed through a 24 in. wide chute. A four-ton hydraulic ram compresses the shavings into the sack, which is supported by a metal former. About 10 packs/hour can be produced, depending on the sealing method chosen.

Bridges strapping gap

FOR USE with 13 mm wide polypropylene strapping material, with a breaking strength of 86 to 291 kg, a pneumatically operated manual strapping tool, capable of tensioning and securing a strap around circular or irregularly shaped bundles and packages with girths of 30 mm upwards, has been introduced by Pakseal Industries, Cordwallis Estate, Maidenhead, Berks. (0628 26381).

Known as Model 421, it has a strapping cycle between three and four seconds, depending on package size. In operation, a metal seal is slipped on to the strap, and the free end brought round to the seal to form a loop which is slipped loosely around the pack. The tool is engaged with the seal and the overlapping strap. The strap is pneumatically tensioned until stopped by the operator, when a second operation crimps the seal and cuts the strap.

Used in conjunction with the maker's strapping table, the tool bridges the gap between a conventional hand tool and a semi-automatic machine. The table has an overhead arm with a counter-balanced pulley from which the tool is suspended. It is pulled into position as required.

● TEXTILES

New method of baling

THE TRADITION in the textile trade is to handle fibres — and waste—in bales. These have, for many years, been massive and hard to move without the aid of mechanical handling equipment.

Now a somewhat unusual approach has been taken in Lancashire where a new baling machine has been developed to provide the basis for a simpler and easier handling system.

The Hyndburn automatic baler (marketed through Blending Specialists, Wigan Street, Thornton Road, Bradford BD1 2HX, 0274-34607) produces bales from 10 to 13 kg (22-28 lb) weight at a rate of some 1,800 kg/hour, although the throughput will obviously depend on the type of material being handled.

The bales are very compact, being 30 x 20 x 14 inches and the density can be varied from 5 to 15 lbs per cubic foot. With the lower density weight bale, one is produced each 30 seconds, while with the heavier type it is reduced to one per minute, although volume processed per hour remains essentially the same.

Where this new machine differs from classical baling systems is in the size of the bale made. It is easy for an operative to lift a bale and place it on say a truck for movement within the mill. But the machine is also fully automatic and can be fed from an overhead hopper and allowed to produce bales while untended. It has an additional appeal in that it is an extremely quiet running machine, in contrast with many other baling systems.

In the Lancashire mill where the Hyndburn baler was developed it has been used for compacting preblended fibres (say cellulosic with synthetic) which are then given a subsequent blending to produce an intimate mix.

This is, generally, a standard procedure, but the size and compactness of bales in the past has presented something of a problem. The Hyndburn baler is expected to find a much wider range of applications than that of baling fibres. It is likely to be used for handling waste yarns, fibres, rags etc., and also waste paper. The resultant bales will be of a dimension and weight that any person can handle with ease. The first machine has been in continuous operation for a number of months and in that time has already produced over 1½m. bales without any troubles.

Another area of possible application is in baling clean, scoured wool. Although the trade is used to coping with the very large bales that now travel across the world, there is apparently no reason why the new machine could not be linked with a conveyor system that would feed compact bales automatically into containers. This is a consideration that is attracting the attention of wool growers in several areas.

● DATA PROCESSING

Versatile printer

PROVIDING simplicity in operation and maintenance, the 6330 matrix printer from Data Recording Instrument Company prints 132 columns, operates at speeds up to 150 characters/sec and is for use with single or multi-part computer fanfold stationery between five and 15 inches wide.

Programmed instructions stored in a read-only memory are executed by a micro-processor so that printing can take place bi-directionally, minimising the need for fast carriage return action. The unit can also accept data while printing is in progress.

When in stand-by mode no part of the machine is in motion. The use of independent motors for paper, ribbon and carriage movements eliminates mechanical linkages and the avoidance of unnecessary moving parts gives good reliability.

Application areas include data preparation and entry, management information and stock control systems, interactive and remote job entry terminals, data logging for process control and minicomputer and small business systems. DRI is at Hawthorne Road, Staines, Middx. TW18 3BJ (Staines 51398).

Finds and copies the right image

A MICROFILM retrieval and print-out system called Selectacopy has been introduced by GAF (Great Britain), P.O. Box 70, Blackthorne Road, Colnbrook, Slough, Bucks (Colnbrook 4567).

Able to deal with 16 mm double-ended cassettes or reel-to-reel 35 mm film, the machine has 20X magnification and projects an image on to a 15 x 15 inch integral screen. Cassettes may be placed in the unit with the film at any position.

The frame number in question is keyed into the machine to provide it with a reference and from then on any other keyed-in number will produce the associated frame in about 25 seconds. A numeric display is provided.

Electrostatic copies of the chosen frame up to 15 x 10 inches can then be obtained by depressing a key.

The standard 16 mm cassette measures 11 x 4 x 1 inches and contains 100 feet of film on which up to 2,500 A4 documents or 8,000 cheque size images can be recorded. The 35 mm version records up to 6,000 engineering or other drawings. Other features include over-run protection, rotation of the image from cine to "comic" mode, and variable speed manual search.

Processing on the spot

THAMES CASE, the Unilever fibreboard packaging company, is to install a Datasaab D15 mini-computer system at each of its Purfleet, Warrington, Abercarn and Cumbernauld factories over the next two years. There is also an option to extend the system to include the new Thames Case factory at Northampton. The first machine will be installed at Purfleet this July.

The total value of this initial part of the contract is over £200,000 which includes the development of all the application software programs by Datasaab.

Thames Case has decentralised production facilities to provide better customer service. Company policy is to give each region a high degree of autonomy. The new approach to computer use meets this requirement as well as replacing existing batch processing and time-sharing computer applications.

Each plant will have a 32k D15 with at least 10 Megabyte disc capacity. Data entry is through distributed workstations and there will be a minimum of three visual display units at each site.

One of the features which helped Datasaab to obtain this order was ability to mount, within six weeks, a demonstration of Thames Case estimating using the interactive facilities of the D15. This was made possible within the time-scale by the use of Logic 3, an application-orientated language, and the control software available with the D15. This software has been designed so that applications such as the above involving remote workstations, data communications and real-time processing—can be quickly and successfully developed.

Datasaab's headquarters are at CSC House, North Circular Road, London N.W.10 7UG. 01 903 8921.

Software for micro design

ASSISTANCE FOR the micro-processor applications design engineer in the form of assemblers and simulators that can be accessed through a communications terminal is offered by CSS International, 232, Vauxhall Bridge Road, London SW1V 1AU (01-828 2223).

Programs are available for the microcomputers offered by Advanced Micro Devices, Texas Instruments, Intel, Fairchild, National Semiconductor, American Micro Systems, Motorola and Signetics.

The simulators help to debug microcomputer programs before they are committed to read-only memory and time-saving is claimed in comparison with hardware debugging.

Users can execute every possible path in the program, and while doing so can examine and modify all internal CPU registers, status bits and other features often not accessible in hardware debugging due to the design of the chip.

● SAFETY

Fire pump for North Sea rigs

A DIESEL powered pump set for fire-fighting applications on North Sea oil platforms has been designed by FMC Corp. (U.K.), Ferry Lane, Brentford, Middx. TW8 0AL (01-560 3922).

Called the 16M—5 stage unit, it is believed to be the first pump with a vertically mounted diesel engine, a configuration chosen to minimise deck space required —it occupies 50 per cent. less than a horizontal unit.

Two are being built for use on the Occidental-Piper field. Consulting engineers for the project were Bechtel International, and Stewart and Stevenson, Houston, Texas, distributor of General Motors Diesels, was responsible for converting the GM 12v-71 engine for this application and mounting it vertically. This engine was selected to give sufficient power to meet the NFPA requirement of 20 per cent. over the maximum hp of the pump. It produces 413 shaft hp at 1,800 rpm.

The pump, based on the Peerless vertical turbine design, has a capacity of 2,500 gpm (U.S.), while maintaining a pressure of 130 psi at platform deck level. This type of pump gives high throughput with minimum diameter, allowing the stilling tube to be of minimum proportions, a feature with structural and cost advantages. The pump is of Ni-Resist to prevent seawater corrosion, and the shaft, strainer and column bolting are of Monel.

Lubrication of the pump bearings is by the pumped liquid (seawater). In the initial stages the bearings (mica or carbon filled Teflon) are capable of dry running.

Better boot for firemen

LESS WEIGHT and improved resistance to slipping have been among the considerations taken into account in the design of a safety boot for firemen and others likely to be involved in similar hazardous occupations.

The boot has a steel safety toecap and steel midsole to the appropriate British Standard and further protection is given by an additional reinforcing stay to protect the front of the foot behind the toecap and by sponge pads to protect the ankle area.

Soles and heels are made from microcellular rubber and are repairable.

These boots are now being made by BTR, Footwear Division, Horninglow Road, Burton-on-Trent, Staffs. (0283 61611).

● POWER

Converters for many purposes

ALMOST ANY permutation of positive or negative dc output voltage between five and 18 can be obtained with a range of dc to dc converters introduced by Ancom, Devonshire Street, Cheltenham, Glos. (0242 53861). There are seven standard input options between five and 28 V dc.

All the modules have a basic power rating of three watts. Typically, this allows for an output of 1000 mA at ±15 V or pro-rata which is sufficient, for example, to drive 20 operational amplifiers. There are 127 module choices, apart from custom-built units which the company will also undertake.

The units, known as Power-Paks, can be supplied with or without load or line output regulation. They are short-circuit protected and have input/output isolation of up to 200 V.

Encapsulated in a metal case measuring 60 x 38 x 19mm, the modules are fully protected and shielded so that they can be located almost anywhere without space or electrical interference problems.

● PROCESSING

Paint coat blasted into wood

MASS PRODUCTION poses a number of pre-requisites, not the least of which is space to move manufacturing lines into the best possible shape.

Crosby and Co., now in full production of timber windows at its plant, took over the Gloster Meteor aircraft unit and turned it into the most advanced window factory in Britain.

A massive paint machine, which applies the primer to the windows, is the only one of its kind in Britain. Other makers dip the windows or use other processes.

This machine applies flood coating. In the process, the windows, suspended in mid air, are swung into a tunnel and saturated with paint sprayed from each side in powerful jets to give a more even, solid finish and longer life.

The sash assembly line was specially designed and made in Denmark for Crosby, and is the only one in Britain that does automated gluing. This results in joints having no end grain facing outwards which avoids possibility of water penetration.

Window frames are passed through the tunnel on a fully automatic conveyor system.

In the tunnel, a total of 56 nozzles strategically placed and angled on each side pump jets of primer over the windows, covering them completely and evenly, with no thin or uneven patches. The paint hits the windows in its full strength, without being atomised in the process. This coverage gives added protection to the windows during transportation and storage, and gives better weathering qualities to the finished product. The machine can cover six frames in six seconds.

The conveyor system consists of 365 hangers, each of which takes six frames.

Makers of the machine are the Eisemann Company of Stuttgart, West Germany. The machine stands 16 feet high and is 25 feet long.

Crosby is on the Gloucester Trading Estate, Hucclecote, Gloucestershire. 0452 67091.

● HANDLING

Palletised goods held and covered

CLAIMED TO be new to the U.K., a system which encircles palletised goods with a stretch wrapper of low density polythene has been introduced by Inpac Automation, Uxbridge Road, Southall, Middx. UB1 3EZ. (01-574 3673).

The company says it can be used to secure loads ranging from bricks to shrink wrapped cartons. The loaded pallet is placed on a turntable, top clamped, and revolved. A polythene sheet from a reel is wrapped up to six times round the load and pallet, heat sealed, and cut. By putting a sheet of film over the load before wrapping added protection is provided.

Maximum pallet size that can be accommodated is 54 x 48 inches, maximum height 60 inches, and maximum weight 2 tons. Up to 30 pallets/hour can be wrapped.

WIMBLEDON TENNIS BY JOHN BARRETT

Connors overwhelms Cox

ON ANOTHER scorching day they came in their thousands, making their pilgrimage to the Mecca of tennis. By four o'clock it was estimated that the queues forming outside the ground would have a two-hour wait ahead of them, while several inside were overcome by the heat.

On the centre court the temperature of Jimmy Connors' *dynamic game matched the temperature of the afternoon.* Playing against Britain's No. 1, Mark Cox, the reigning champion was in red-hot form.

New status

Cox nowadays has a new status in the world game as a finalist in the WCT circuit in Dallas last May. He is fitter, faster and *more confident than ever before.* With a new belief in his ability born of some punishing practice sessions with the Australian Rod Laver in Las Vegas recently, Cox must have *given himself* a chance of winning yesterday.

However, the champion was ready to dispute any threat to his supremacy and broke Cox early on—in the third game of the first set and again in the *third* game of the second. That was all the advantage he needed for he was now into top gear and mixing touch shots with the power as he demonstrated with some telling lobs, many struck with top spin, that stranded the Briton in *the forecourt.*

Having lost the opening set 6—4 and suffered a cruel net cord against him that dropped dead, Cox became very agitated. *He even thumped* the net with his racket to indicate that it was not tight enough. Never one to miss a trick, Connors too touched the net affectionately while Cox replied by giving the net handle a turn or two.

Connors measured his victory 6—4, 6—2, 6—2 and as usual it was funded on punishing returns of service. Cox was even forced to stay back on his second service in fear of being passed and the problem of dealing with *Connors in this mood became* acute when his few rallies from the base line ended inevitably with a Connors winner. Ominously, the champion seems to be hitting the ball as hard as he did last year and it is *astonishing how few errors he* makes, even without much controlling spin, when he is in full flow.

The nightmare for the server is to hit a first volley at all for *the return* is back at his feet around the service line travelling, it must seem, at a million miles at hour. At times the Connors projectiles seem to defy the laws of ballistics.

In fact to force a weak return from the champion, Cox needed to serve in a very high percentage of first deliveries, and *keep them deep*, a task which on the day he was unable to achieve.

The opening match on Court 1 involved the No. 8 seed, Raul *Ramirez (Mexico) against the* Italian No. 1, Adriano Panatta, who had come, like Barazzutti, who was Rosewall's victim on Tuesday, hotfoot from Paris after narrowly failing to beat France in a Davis Cup match.

Panatta, in fact, had lost both singles in that match, which in itself *must have sapped his confidence, and the fact that he has* had no chance to practise on grass suggested that he would be polished off without delay.

However, as it turned out, he had *every chance to win.* Even in the first set, which he lost 6—4, on one lost service game in the third game, he held two points to break back as Ramirez served for the set *leading* 5—4.

On each occasion he failed to get the ball into court and this really was the story of the match. Time and again he would create chances with some beautiful play, full of artistic touches, *only to squander the leads with* careless errors.

Rocklike

Ramirez, by contrast, was rocklike on the big points—an attribute which we *have seen in him* before — even on unfamiliar grass, as when he finished in third position in the Commercial Union Masters tournament in Melbourne last December.

If there was one shot which won the *match for the Mexican* it was the lob, which, on at least seven occasions, forced Panatta to make weak returns to the centre of the court that could be hit away into the openings. The 5—2 lead that Panatta created in *the second set was eroded as* Ramirez won five successive games to take the set in just 42 minutes. By then they had been at it for an hour and 12 minutes *and instead of Panatta having* prospects of a win equally as impressive as his victory on Wednesday against the burly Egyptian, Ismail el Shafei, here *he was two sets behind.*

Even then he created a chance to win the third set by breaking serve in the eighth game. But as before, his service at 5—3 was *surrendered as Ramirez chased* all over the court making three amazing retrieves in the same rally to bring him to break point. A forced error from Panatta duly *let the Mexican back into the* match and he surged from this point with a run of four games that suggested he will be a threat in the later stages of this *championship.*

Arthur Ashe, the American sixth seed, who *so many fancy* as a likely winner here, disposed of his fellow countryman, Brian Gottfried, with surprising ease. The 6—2, 6—3, 6—1 score-line *describes exactly Ashe's dominance.* Perhaps Gottfried's exertions of yesterday when he ran and chased for three and a half hours to dispose of the Brazilian, *Carlos Kirmayr, sapped* his strength. At all events he could make no impression on Ashe, who is beginning to strike the ball with venomous top spin, *especially* on his stronger backhand wing.

In a *championship like this one* of the secrets of success lies in timing one's effort so that a player arrives in peak form at exactly the right moment. Ashe, *who has made no secret of his* intention to add the Wimbledon title to his WCT crown, which he won in May, has prepared better than most with tournaments at Beckenham which he won, and Nottingham, to give him the vital *match-play on grass courts* that all the competitors here ideally would have liked. Whether Ashe will maintain this form with the sterner tests that lie ahead against Marty Riessen or Bjorn Borg, the 13th and third seeds *respectively, remains* to be seen. However, a lot of money has gone through the door of the betting tent here to say that he will.

For a moment or two it seemed that we might have another of those sensations that have been *a feature of this year's Wimbledon.* Out on court 3 Borg had one of those disastrous starts against Jaime Fillol of Chile that every player dreads. He failed *to win a single game in the opening set.* But, thereafter, he fought his way back into the match with an enthusiasm that was totally lacking from his game here last year.

Making good use of his violent top spin shots, especially on return of serve, he began to produce errors from Fillol who was *volleying from well below the* height of the net. Being able to exert neither pace nor penetration on his volley, Fillol was an easy victim for Borg's second shot—frequently a flashing winner. Although the Chilean was returning many of Borg's serves low over the net, he was never able to match the Swede's pace and, with growing confidence, Borg accelerated to a 0-6, 6-4, 6-4, 6-3 victory.

All American

Two courts away there was an all-American battle which occupied court 5 for two and a quarter hours. Riessen, who is third-ranked nationally, was made to sweat and toil for his *four-set victory over one of the* past heroes of Wimbledon, Charlie Pasarell. Who will ever forget that epic match some years ago against Pancho Gonzales that occupied two days?

But yesterday even Pasarell's *heavy service, which he uses as* the foundation of his attacking game, could not match the better all-round performance of Riessen who won 6—4, 6—4, 1—6, 9—8. It was Riessen's ability to chase down every ball, often to squeeze the *ball down* the line through the narrowest of gaps, that *turned the tables.*

The 10th seed, Roscoe Tanner, was involved in another all-American clash with the powerful Charlie Owens. The fourth-ranked American Tanner duly put in his place the man 21 places below him 9—8, 9—8, 6—1 and, judging by the speed with which his swinging left-hand service flew off the quickening courts, I am beginning to think *it will take an unusually fine returner of the serve to beat him* at all here.

There were two quick victories from leading ladies. Margaret Court, the fifth seed, and three times a champion here, had no *problems with Sally Greer of* America, whom she beat 6—2, 6—3, in something of a canter.

Martina Navratilova, the No. 2 seed, dealt equally harshly with one of the thinning band of British girls in these championships. Sue Mappin of Yorkshire could win only three games before the floodwaters submerged her 6—1, 6—2.

One perhaps should record an encouraging British success which involved a victory for Lindsey Beaven who beat the experienced Australian Judy Dalton, a finalist here in 1968 as Miss Tegart when she lost to Billie Jean King 9—7, 7—5. It is a measure of her decline that against a far less accomplished *player yesterday, she* lost 6—3, 6—1.

Rugby clubs to discuss league plan

NINETEEN LEADING Rugby clubs in England and Wales will meet in Bristol next month to discuss the formation of a league, *following a suggestion* by Mr. Alf Wyman, Coventry's match secretary.

The plan envisages a league of clubs situated within a 120-mile radius of Bristol. *They will play* 21 matches each season based on their current fixture list and the leading eight in the league table at the end of the season will then compete in a knock-out competition.

SE SWIMMING RACE

The Stock Exchange Swimming Club quarter-mile race held in the Serpentine was won by G. Berry of Lloyd and Burnell. P. Fairlie-Clarke of McNally Montgomery was second and I. Russell of De Zoete and Bevan third. The winning women were T. Galdes of Duff Stoop and Mrs. S. Berry of Hedderwick Borthwick was second.

GLASGOW TO BUILD SWIMMING POOLS

Two new swimming pools costing about *£500,000* are to be built for Glasgow District Council. Morrison Dunbar has won a £245,532 contract to build one of the pools at Drumchapel and the other at Castlemilk district has gone to the CWS at a cost of £248,345.

BANK RETURN

—	Wednesday June 25 1975	Inc. (+) or dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	23,179,860	+ 2,481,229
Special Deposits	966,150,000	— 345,000
Bankers	350,076,055	+ 52,616,353
Reserves & Other Accts.	449,657,801	+ 13,456,903
	1,803,625,796	+ 68,159,245
ASSETS		
Govt. Securities	1,356,527,893	+ 94,805,000
Advance & Other Accs.	287,282,161	+ 31,451,929
Premises, Equip't & other Secs.	133,342,372	— 43,582,216
Notes	16,619,554	— 13,956,105
Coin	246,208	— 3,363
	1,803,625,796	+ 68,159,245
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	5,700,000,000	—
In Circulation	5,683,380,446	+ 13,956,105
In Bank'g Dept.	16,619,554	— 13,956,105
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	5,130,452,264	+ 15,200,062
Other Securities	558,532,636	— 15,200,062
	5,700,000,000	—

NORTH SEA OIL REVIEW

BY ADRIAN HAMILTON

In the hands of the Government

THE GOVERNMENT has virtually completed its preliminary round of discussions on detailed proposals for participation in North Sea fields.

More than a dozen companies have been seen, including those like Burmah which have agreed participation in principle, those like British Petroleum which have publicly announced their acceptance of the need for talk, and a number of other important ones like Amoco, Mobil, Occidental, Texas Eastern, Conoco, Gulf and possibly Texaco who have been called in "without prejudice." Although most of these have been seen as individual companies, there is some sign that the Government is willing to talk to consortia as groups and there are reports that members of the Occidental group (Occidental, Getty, Allied Chemicals and Thomson Scottish Associates), at least, have been seen together.

Provisional

Despite recent statements by both Mr. Alastair Down of Burmah and Mr. Harold Lever of the Government that detailed negotiations are now in progress, however, the talks still appear to be very provisional—at official rather than ministerial level and without hard deadlines being imposed on the main participants.

So far, indeed, most companies appear to have seen the Government's paper setting out a theoretical example of how participation at no loss to the companies might be achieved, but not to have made any response to the Government. Most, too, appear to have raised questions about the calculations which the Department of Energy itself has yet to answer.

In this curious situation when the ball hovers uncertainly between both courts, two main questions have still to be answered. First, how responsive are the companies to the proposals in detail. Second, will they accept the basic concept even if they object to some of the details, or will they feel the concept to be fundamentally unworkable quite apart from the details?

In an atmosphere where the new "open Government" policy of the Prime Minister in this case means an instruction to the oil companies not to talk to the Press, the answer to both these questions is still somewhat vague. On the first, it does look as if the details of the participation proposals have turned out to be far less generous than the broad offer of a no loss financial position on which they are based would imply.

The discussion document sets out a broad scheme of payments under which the Government would join in an oil development around half way through its development phase and make compensation payments from the start of income through the main life of the field. The payments would be based on a 51 per cent. net income to the company projected from its remaining 49 per cent. income after tax. From the repayment figure would be deducted various sums to give the Government a return for the risk, etc., involved in its capital contribution.

It is these deductions which appear, from general gossip in the industry, to have raised most objections. On the face of it, the Government appears to be asking not only for a 75 per cent. uplift on its capital contribution (on the lines allowed in the Petroleum Revenue Tax provisions) but also for an undefined amount as interest and a further x factor for the risk involved. This is hardly limited to the banker's return concept originally mentioned by the Government in discussions. The result is some uncertainty in the industry as to whether it is simply a "try on" for negotiating purposes or something much more fundamental in the Government's thinking.

At the same time, companies also seem to be concerned about some of the tax implications—a crucial question for a tax-obsessed industry—in the proposals. While the repayment schedules are formally an after-tax payment, the way in which they are paid obviously raises the question of whether they will be regarded as such by the tax authorities. In the U.K., there appear to be problems over what the repayments can be set against in the way of expenses within the ring-fence limits of off-shore operations. More important from the point of view of the U.S. companies, there are questions about whether, because of the 51 per cent. State participation, the income will come within the U.S. concepts of trade in which companies have an "economic interest." Discussions with both the U.K. and U.S. revenue authorities are now starting, but whether firm rulings can be easily obtained where differences of interest between Government departments are involved is still a delicate point.

The second major issue raised by the participation talks is whether the Government is now firmly committed to the basic concepts of repayment from the National Oil Account contained in the discussion paper, and whether the oil companies will accept them. For some companies, particularly the smaller independents, the answer would seem to be yes. But for other companies the answer could be no. One major, at least, is thought to have prepared counter proposals suggesting a different and simpler approach, to the problem. Others, although still considering their response, are also believed to feel doubtful.

Reports in the industry suggest that the Government so far has responded fairly well to counter proposals and that it is willing to negotiate along different lines from its own suggestions. But the debate is still an open one, and the impact of Mr. Anthony Wedgwood Benn—who still heads the reviewing committee on the participation talks although he has been specifically excluded from the conduct of the talks themselves—cannot be easily assessed.

In these circumstances, it is debatable whether the Government can achieve the progress in the talks which it had initially hoped for. While certain of the talks are beginning to tighten up, most notably with those companies like Burmah and BP on which it has some leverage, it has still to deal with the great mass of others that are yet to commit themselves. These are still studying the figures. As in the PRT negotiations earlier in the year, the really hard negotiations may only just be beginning and it may take some time to get them to the sticking point, even before the Government tackles the major "hold-out" groups, like Shell/Esso, which are currently standing aside.

Whether the same can be said of the other major political issue overhanging the U.K. North Sea—the Government's proposals for direct Departmental control, contained in the Petroleum and Submarine Pipelines Bill—is another question. Although the Bill has not raised much outside comment, there can be no doubt that many oil companies take a distinctly jaundiced view of some of its detailed proposals, particularly as they concern the rights of administrative direction on depletion and common-carrier pipelines as well as exploration investment.

Objections

The U.K. Operators' Association, after a rash of meetings when the Bill was published, has put in some stiffly worded objections to it, as have individual companies and smaller groupings such as the British exploration grouping. The objections mainly centre on the lack of arbitration procedures and of limitations on the Minister's power to force companies to change the route of pipelines, the position of exploration wells, and the timing of development programmes. There is also concern at the lack of definition of the Government's depletion policy. So far, these objections appear to have been heard with a reasonable degree of sympathy by the officials of the Department and there are at least some signs that the Government may be prepared to accept concessions on these points.

The Committee Stage of the Bill in the Commons, however has got hideously, and often futilely, bogged down in discussions on the British National Oil Corporation and there seems every possibility that the Bill, which may well not be passed until September or October, could be guillotined by the Government (ironically, by Mr. Wedgwood Benn, who got into enough trouble for doing this on the Industry Bill recently) before it gets down to these nitty-gritty points. Should this prove the case, then the industry will be left very much in the hands of the Government, and the views of Mr. Wedgwood Benn, as far as amendments, possibly on the Third Reading, are concerned.

Mr. Harold Lever (left), economic adviser to the Prime Minister, and Mr. Alastair Down (right), chairman of Burmah Oil, have both said that detailed negotiations over participation are now in progress.

Flixborough 'shows need of insurance rethink'

By Ray Dafter

THE INSURANCE market, which had to pay out an estimated £36m. fire and accident damage following the Flixborough chemical works explosion last year, should improve its rating system for chemical operations, according to a report published yesterday.

In the past, acceptance and rating of risks in chemical plants have not been sufficiently technical and have "tended towards the rule of thumb," according to Dr. Harry Taylor, a director of Keith Shipton Development risk management consultants.

Dr. Taylor has prepared a report on the implications for management of the Flixborough disaster in which 28 people lost their lives. He points out that if the disaster had occurred on a week-day, instead of a Saturday, 300 people—including the management—could have been killed.

The insurance claim was the biggest of its kind to be faced by the insurance industry. "Insurers will have to improve their technical resources to enable adequate assessments to be made," says Dr. Taylor.

"It is surely not good enough when the only protection capable of earning a significant premium reduction remains the sprinkler installation—even in areas where the main hazard is explosion and water could be dangerous.

Average plant

"A rating system more attuned to risk could provide a potent incentive to better protective measures."

The report points out that before the disaster the Flixborough complex was regarded by insurers as a "perfectly average, petrochemicals plant."

Inflation and material shortages also had profound implications for business interruption cover. As a result sums insured needed to be constantly revised and the indemnity periods needed to be aligned with the supply situation.

The loss of the nylon 6 intermediate material—caprolactam—following the Nypro explosion has had repercussions on the trade of a large number of companies, it is pointed out.

The report ranges much wider than insurance considerations, however. It is emphasised that companies should pay meticulous attention to technical detail and that they should implement organised risk management control systems.

At the same time managements should be aware of and prepared for the worst possible disaster that could overtake their company. Disaster planning should include procedures for dealing with varied problems, from the need for the fastest possible evacuation of personnel from the site to the restoration of production to reduce the possible loss of markets.

Flixborough — The Implications for Management; H. D. Taylor; Woodhead—Faulkner, 7 Rose Crescent, Cambridge; £1.50 plus 25p p and p.

FINANCIAL TIMES REPORT
Friday June 27 1975

BUSES AND COACHES

Despite a variety of trials and tribulations including rising fuel prices, inflation and manufacturing problems, Britain's bus and coach industry remains strong. There are a number of new developments under way, including work on an electric bus.

An unhappy year

By Terry Dodsworth

DESPITE THE impressive—and *unique—history of large scale* bus manufacturing and operations in Britain, there is a great deal of dissatisfaction in the industry *to-day. The feeling* ranges right across the range of activities, concentrating particularly on the supply situation, which attracts almost universal condemnation from the operators, to the public unhappiness with swingeing fare increases and declining services, and criticism of the Government for its handling of grants and the fare price structure it has allowed to develop.

That all this should happen in the wake of the oil crisis is ironic. Many saw the rapid increases in oil prices last year *as a watershed for the bus industry* which, it was argued, *would recover at the expense* of the private car. In fact, of course, such historic changes take a long time to work through, even if the argument is soundly based. And in the meantime the industry has been faced with all the problems of acute inflation which the new *oil prices have largely caused.*

On the operational side, the country's (and probably the world's) largest concern, the 20,000 vehicle, 70,000-man National Bus Company, has suffered an extremely unhappy year. For the first time since it came into being, it made a loss, plunging from an operating surplus of £2.6m. in 1973 to a *large deficit of £11.7m.*

NBC is caught in something of a cleft stick, obliged by the terms of its establishment to break even, yet with its prices closely controlled in the current climate, and running a number *of unprofitable routes which, in* terms of social need, no-one wants *to see abandoned. Something will have to give if it is* to live up to its legal money-making requirement: either *fares will have to increase* sharply again, or services be cut back, or more subsidies be introduced.

NBC's domination of the operational side of the industry is mirrored by British Leyland's enormous influence on the manufacturing front. Unlike NBC, the truck and bus division of BL, which runs bus manufacturing is believed to have made reasonable profits (*it does not publish separate* accounts), but its chronic *inability to supply either buses* or spare parts on time over the last year have brought it in for a great deal of criticism.

Monopoly

The problem has been particularly acute on the double *decker side of its manufacturing,* where BL has a virtual chassis-building monopoly with its two vehicles, the Atlantean and the Fleetline. Although much of the value of a bus or coach—often more than half—is in the bodywork and interior, the chassis builder (BL puts together the basic chassis, suspension, engine and running gear) inevitably *determines the flow of supply.* In the last few years its inability to meet the demands of the British market on time has provoked considerable antagonism among customers, and in addition many dislike the Atlantean and Fleetline design, which represented an attempt to *standardise on rear-engined* vehicles. The result has been a *disturbing, trickle of imports*— disturbing because it could develop into a sizeable stream —plus a great deal of interest *shown by* some other major motor manufacturers in the possibility of going into chassis production, and a recent announcement from Dennis Motors of Guildford that it is starting on experimental manufacturing.

How this situation arose is a matter of intense argument in the industry. The operators accuse BL of flat-footedness, inflexibility and complacency in the light of its powerful market position. *There is little doubt,* either, that BL has suffered from strikes and low investment when a better performance on both fronts could have eased its problems.

But BL itself accuses the *operators of inconsistency on* their part. The ordering pattern *of the local authorities*— the seven Public Transport Executives, as they are now called—has, says BL, been extremely erratic. There are cases where *the local authority* has ordered buses, cancelled them *because of budget* cutbacks and then ordered them again: *they cannot be surprised,* says BL, if the company has in the meantime sold its production overseas rather than having money sitting around in stock.

These difficulties have been partly due to the introduction of one-man buses. When Leyland National was formed as a joint company half-owned by *BL and half by the NBC,* the industry was expecting an explosion in demand for one-man single deckers. At that time, the unions were refusing to operate double deckers. However, subsequently the unions gave way, agreeing to one-man operations on double deckers, *and with this came a surge in* demand for the larger buses. Since then, says BL it has never been able to catch up with demand.

The position to-day is that the corporation only has an installed capacity of 2,300 double deckers a year, against orders of about 3,000. On single *deckers it is in a better position* to meet demand, with *installed capacity of some 2,000* for the Leyland National, and *about 1,000 for coaches.*

In the Ryder Report on British Leyland this supply/demand problem is recognised. "We recommend . . . . that the Department of Environment should as a matter of urgency hold discussions with BL and the major U.K. bus operators to *work out arrangements for* better co-ordination between the *bus operators and BL to phase* orders and deliveries," it says. *Ideally, of course, such talks* would lead to a situation where both sides would be planning with a great deal of confidence in *the future.*

Whether this will be enough to stop the importers is another matter. As in heavy trucks, it is the Scandinavian producers who have made the initial breakthrough in the bus market, both Scania and Volvo *sending over double decker* chassis and running gear as the base for coachwork by British companies. The Scania units are being built-up by Metro-Cammell Weymann in Birmingham to produce the Metropolitan *bus, and the so-*called Ailsa Volvos are being *manufactured in* Scotland. Recently Dennis Motors, the small Guildford-based *special* duty truck producer, announced its first moves into the double deck chassis business, and has been followed by Fodens.

These challenges to BL's double deck monopoly will clearly take some time to develop. Equally, however, they *may be relatively permanent:* Dennis Motors, for example, *which has been revitalised since* coming under the wing of the *Hestair conglomerate,* is aiming to develop a premium bus, using a German Voith three-speed automatic gear box with a sophisticated braking mechanism—brakes are one of the big maintenance problems of the bus business, and it is significant that some transport auth*orities have attacked BL for the* number of hours its vehicles are *off the road waiting for main*tenance and spare parts.

London Transport, which has suffered to some extent from the shortfall in BL supplies (it *is still waiting for 230 of the* 1,600 Fleetline buses it ordered *in 1971), was one of the first* local authorities to turn to *foreign products.* It has ordered 164 Metropolitans, mainly it *says on an experimental basis* to see how they live up to their *claims on low noise levels.*

In the meantime, it is continuing to discuss the new BL double decker model code named the B15. It has no plans to manufacture *its* own purpose-built vehicle at present (local authorities *have done this* in the past, and it remains a seduc*tive dream among some transport* managers), although a *recent Act of Parliament gave it* powers to do so.

In spite of these trials and tribulations, the British bus industry remains strong. It has developed very differently from its counterparts across the Channel, *creating a range of* vehicles with more robust *characteristics suitable for both* cheap domestic transport and for the third world which used to count as one of the major trading partners.

Exporting to developing countries remains a strong arm of *the U.K. industry. Iran is a large* market, with long-established *assembly links* with British Leyland—as with Mercedes, Europe's other major producer —and Iraq has also taken a number of double deckers this year; New York has even ordered eight modified Atlanteans *to experiment as to their* suitability for work in a large *U.S. city.*

On the single decker side, the Leyland National has recovered *from its teething troubles and* is now finding a market inside *the EEC countries, notably* Holland, France and Germany. BL *itself is working on an im*proved version of the National, paying particular attention to quality improvement and standards of comfort, *which will help* in sophisticated export markets. Inevitably, the European industry seems to be drawing closer together in terms of design concepts.

Robust

In the meantime there are a number of new developments going on in the bus field in the wake of the oil crisis. One such is the electric bus, under experiment to-day by three European companies two in the U.K. and one in Germany.

Another, equally important issue is the impact of legislation. There is no doubt that this is getting tougher on questions of safety and the environment throughout Europe and the rest *of the world. At the same time* legislation will affect bus usage *in the great conurbations: both* in the U.S. and Europe, local authorities trying to cope with growing traffic problems are tending to legislate in favour of the bus, developing new bus lanes and restrictive parking in an attempt to control the private motorist. In terms of use this *will inevitably mean that in the* short to medium term buses *have a bright future, even if* finances continue to come under tight control by the public authorities.

BUSES AND COACHES II

Electric bus projects still experimental

ALTHOUGH research into electric vehicles has been going on for many years, interest has been heightened recently by a number of factors. Increased emphasis on the evils of pollution, particularly in city centres; growing concern with the eventual exhaustion of fossil fuels, and massive oil-price increases since the winter of 1973/74 have all led to a stepping up of research and the appearance of an increasing number of experimental road vehicles around the world.

If any electric vehicle—and that is a very big "if"—is to gain a hold in a road transport system dominated by the internal combustion engine, then it will probably be the electric bus. Electrically-powered urban buses are currently the subject of intensive research in many countries. There are a number of prototypes under operation in France, several American companies are operating experimental routes, while in Britain both Chloride and Lucas are now operating regular services for the Manchester Transport executive.

The most advanced and most ambitious urban bus experiment is currently taking place in Germany, where the GES consortium headed by Varta Batteries—under the aegis of the Rhine-Westphalia Electricity Authority—has provided a total of 13 buses operating in the cities of Mönchengladbach and Düsseldorf.

Limitations

Despite advances in electronics, and somewhat slower developments in the field of battery technology, the limitations on electric powered vehicles are still severe. Lead/acid batteries remain the only viable means of power for the next five to ten years, although experiments with metal/air and high temperature batteries such as sodium/sulphur are continuing. Lead/acid batteries, which have been around for a long time, are limited in terms of the restricted range which they offer, their heavy weight and the time which it takes to recharge them.

These restrictions mean that they are only really suitable for vehicles whose uses, in terms of length and timing of route, are clearly determined. Moreover a great deal of thought also has to go into the infrastructural requirements—that is battery changing and recharging—which means that the urban bus is one of the few vehicles suitable for battery operation, although commercially the diesel bus remains a much more economical proposition. Thus the real future of the electric bus remains tied to movements in the oil price, related political and balance of payments considerations, the exhaustion of fossil fuels and environmental consciousness.

The experiments in Mönchengladbach and Dusseldorf have been undertaken with what has come to be regarded as typical German thoroughness and efficiency and the strength of the whole operation has sprung from the fact that the partners in the consortium — Varta, MAN, Bosch, Siemens, Voith, Brown-Boverie and Hoesch and the Rhine-Westphalia Electricity Authority—have each been able to offer specialised knowledge contributing towards a viable overall "package."

MAN has provided the body and chassis, Bosch and Siemens have provided the control system, Varta has developed its "system battery" for the project, Voith has constructed the charging station, Brown-Boverie manufactured the chargers, while Hoesch has made the trailers.

This consortium structure, combined with a large measure of help from the regional electricity authority and from Government departments, is in strict contrast to the experience in the U.K., where battery bus development—despite the encouragement of the Greater Manchester Transport Authority—has been very much a matter of the initiative of two companies, Chloride and Lucas.

The Chloride Silent Rider, which has now been in operation in Manchester for around three months, received a great deal of publicity, but, in the event, the Lucas Midi-bus, which was introduced at the beginning of the year, was the first electric bus to come into passenger service in the U.K.

Lightweight

The Lucas bus—which carries 34 passengers—came into service in Manchester in February. Using advanced lightweight lead-acid power, on its maiden journey from Birmingham to Manchester, it covered the 86 miles from city-centre to city-centre at an average speed of 30 mph without fully discharging its batteries. The bus had previously undertaken a 112 mile run at the Motor Industry Research Associaion's flat test track on one charge.

Since its introduction the bus has had to be taken out of commission several times for repairs and modifications. Fuses have gone, the brackets holding the batteries have had to be strengthened, and the battery charger was found to be unsuitable. However, Lucas believes that the operation of a bus on service is providing much useful information which can be utilised in the next stage of vehicle.

One of the key questions in the development of electric vehicles in the U.K. has been that of finance. The Government has not so far become directly involved with electric vehicle programmes although the Central Electricity Generating Board and British Rail both have programmes.

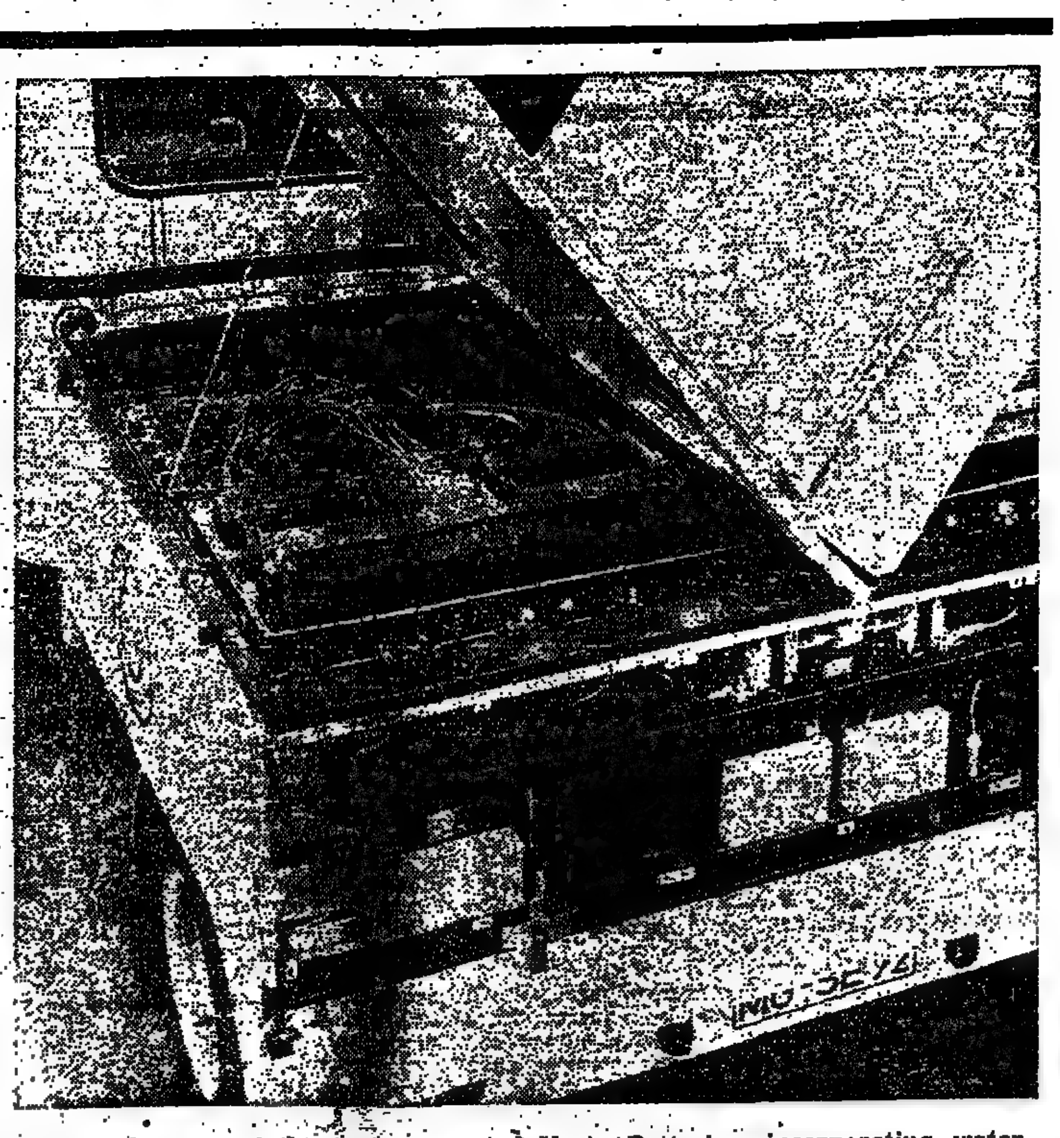
Lucas points out that it would be prepared, and indeed willing, to accept some form of Government assistance, although the key question would be one of control of the programme and the strings which the Government might attach to any financial help.

The introduction of Chloride's Silent Rider Mark 1 was delayed by problems of heating control, which necessitated a major redesign of the rear of the bus. The big test for any electric bus is when it is first introduced to service conditions and the problems which arose when the Silent Rider underwent its first trials—mainly due to overheating—led to a full year's delay in its service introduction. The Silent Rider Mark 1 is described as an "engineering test bed" and Chloride claims to have learned a great deal from its introduction.

As with Lucas, one of Chloride's major problems has been that it has had to carry most of its project single-handed, despite the sub-contracting of Sevcon, Seddon and EDC for the control gear, the chassis and electric motor respectively. There is no doubt that the company would welcome offers of help from other interested parties. However the Department of the Environment has so far avoided any direct involvement.

The future of electric buses is by no means certain. Although the example provided by the GES consortium shows that a viable system—in terms of bus performance, reliability and length of daily service — is indeed possible, the vital feature of commercial viability still leaves the diesel alternative well ahead. A greater awareness of resource, political and pollution factors is sure to mean that interest in the electric bus continues, but further technological breakthroughs are needed before it can really become a commercial proposition.

Peter Foster



An inside view of the trailer-mounted Varta Batteries—incorporating water cooling and other advance features—which provide the motive power for the Mönchengladbach and Dusseldorf electric buses

Good run for coach operators

ONLY 18 months ago, when the bottom fell out of the overseas package tours business, it was not difficult to see that the domestic bus tours and holiday trade would expand. In the event, the growth has been volatile, moving in fits and starts, if in an overall upward direction. But this, alongside the steady growth in express coach services, has been enough to give operators a profitable year at a time when margins have been tightening drastically in the whole bus and coach industry.

There is no doubt that the coach operators—the luxury end of the bus business—have suffered a squeeze this year, although not to the extent which has hit the bus companies. Where the coach operators score is in having more flexibility. Although they run some long distance and inter city express services which cannot be cut back because they are part of an integrated network, they do not suffer from a legislative requirement to maintain a large network of services, as bus companies do. On prices, too, they also have an advantage in one sense: whereas fare stage bus operators are stuck with a particular pattern of routes, coach concerns can move into new markets and out of unprofitable old ones.

Such flexibility was evident last year in the policies of National Travel, the coach subsidiary of the National Bus Company. On the one hand it was busy extending its long distance coaching service to the Continent, opening up routes to Lourdes, Amsterdam and Galway to add to its Athens and Frankfurt services; and on the other it has been extending and expanding its tours business.

At the same time the coach operators are in an expanding market on the long-distance coaches side of their business. National Travel calculates that its business in this area is growing at the rate of about 10 per cent. a year, a figure echoed by George Ewer, the quoted public company which shares some routes with NT, and also operates out of the Victoria coach station. This is partly the consequence of adding motorway routes as new roads are opened, to run alongside existing services. While many passengers will want to continue using the indirect routes with their many intermediate stops, there is equally a requirement for the fast, direct service down the motorway.

Formidable

In theory at least, there ought to be a market here for business travel, particularly for NT with its complete national network of routes. On this point, however, there are two formidable marketing constraints. First, its image is that of down-market, cheap travel, roughly half the cost of a railway journey; secondly, it is not as fast as rail, particularly at the point where it counts in getting from the outskirts of a city to its centre. This is, of course, crucial in the case of business travel from London.

Hence much of the marketing effort—possibly the majority—at NT and among its private sector competitors (George Ewer, Wallace Arnold, and Gold Case Travel, the CCH affiliate) has gone in recent years into developing the tours side of the business. Some of these transport groups are linked with hotel or other leisure concerns—CCH runs hotels in Scotland, Guards of London is part of a banqueting and hotel organisation, and Court Line used to run its own coaches. What all the larger organisations share is the capacity to place large block bookings at hotels, and thus offer the customer a competitively priced holiday.

National Travel took a carefully calculated move down market on part of this side of its business last year with the launch of Ensign holidays. Broadly, these use the normal coach services of the group, while offering the all-in advanced booked holiday, the idea being rather similar to British Airways' Enterprise holidays—to make use of available unfilled capacity on the scheduled services. While this is not a tailor-made holiday in the sense that coach tours are, the effect on prices is dramatic. Ensign holidays can be roughly half the price of the £70 or so a week for the standard coaching tour—now no longer such a cheap holiday, relative to package tours, as it used to be.

When it launched Ensign late last year, NT was aiming for a 25 per cent. increase in its tours business. It openly admits that this will not materialise: the second holiday season which it had hoped to capture has not come up to expectations. Nevertheless the business has expanded—George Ewer says it expects a 20 per cent. growth in its activities in this area.

Deepest

Where the cutback in the coach business appears to have bitten deepest is on the contract hire side—the club and party visits and day excursions—and trade closely allied to American tourism. Many of the small one or two-man outfits, which caught on to the London hotel boom of two years ago have now gone to the wall.

At the same time the rationalisation which, for instance, led CCH to take a 29 per cent. stake in Ewer, has continued. Ewer, generally estimated, with some 200 vehicles, as the second largest private coach operator in Britain, after Wallace Arnold, last year took a 70 per cent. stake in World Wide coaches, very much a luxury tourist oriented group, with American Express owning the balance. National Travel, which dwarfs the rest of the industry with its 3,500 coaches, is also still buying companies here and there.

The same economic pressures which reduced margins for the coach operators last year, also took their toll on the coach manufacturers. In addition they were hampered by supply shortages for much of the year, as the three day week took its toll on supplies. British Leyland, the major supplier of heavy duty chassis, was particularly overstretched. Among the public companies Duple's profits tumbled from £1.12m. to £0.77m. last year (although of course the company had other interests as well as coaches) and Plaxtons, the Scarborough-based coachbuilder, saw profits fall from £248,000 to £140,000 in the first six months of its financial year.

Much of the coachbuilders' work is on bus bodywork and fittings (the bus generally being defined as a less luxurious vehicle), and Plaxtons, for instance, has come out of the depression with a very large order for National Coach manufacture. But in recent years they have also been gearing themselves up for major attempts on overseas markets.

Traditionally the British coach has been reckoned to be less of a quality product than its Continental counterpart. The main reason for this probably lies in the much greater use of buses and coaches in the U.K. Coaches as a means of long distance express travel have not been greatly encouraged on the Continent, whereas in Britain they have long been an integral part of the traffic system: hence in Europe the emphasis has been on using luxury coaches for touring, and special events.

The Mercedes vehicles in particular have developed an enviable reputation for quality, quietness and refinement. Willowbrook, for instance, the Loughborough-based coachbuilder, uses Mercedes chassis and running gear on certain contracts. But in contrast to the double decker bus field, where British Leyland reigns supreme, there are a number of different chassis to choose from—BL for heavier weights, Bedford and Ford for the lighter ranges. The British manufacturers who, with strong markets in the developing world, have built robust vehicles based on truck suspensions, are now said to be looking at more sophisticated systems.

Certainly the coach builders are beginning to up-grade their vehicles to meet the Continental challenge. Willowbrook is a case in point, now selling some 70 per cent. of its production overseas. Plaxtons, too, is now building up business in the Far East and, with a new all-metal body which meets European legislation effectively, is expanding on the Continent.

With the disappearance of trade barriers in the EEC, the British market, possibly the most valuable in Europe, will inevitably attract more attention from its new trading partners. But with British coaches selling at around £20,000 to £23,000, and Mercedes at at least £30,000, the U.K. operators may need a lot of persuading before they transfer their loyalty—and they will also be competitive in the EEC.

Terry Dodsworth

BUSES AND COACHES III

A new framework of operation

WITH PETROL at high prices and likely to become dearer before the year is out, road tax and insurance costs up, and British-made car prices rising at three-monthly intervals, 1975 is proving a hard year for the private motorist. But for those forced to rely on public transport for their mobility, especially outside London and the other conurbations, things could well be a good deal harder still.

For 1975 seems certain to prove something of a crunch year as far as Britain's bus services—and, of course, so much else—are concerned. To-day they are, by and large, in dire trouble. Costs are escalating at record rates. In the big cities, especially London (where the local authority contribution to meeting costs has been massive), mammoth fare rises seem certain as subsidies are held down as part of the general drive to curb public expenditure. Outside the conurbations, a hefty cutback in services seems to be on the cards.

The message for users was, perhaps, put at its plainest last month when the National Bus Company (NBC) published its annual report. Set up five years ago as an umbrella organisation for some 50 of the biggest operators in England and Wales, the State-owned NBC is, together with London Transport and the seven passenger transport executives in the main conurbations, responsible for the majority of Britain's bus services (in all the country has some 5,000 operators, but most are very small).

Its annual report revealed a 1974 deficit of £12.3m. which, together with higher capital expenditure, consumed NBC's £20m. cash reserves. Without substantially increased Government and local authority help—and the NBC receives relatively little in the way of subsidies—fares, the group said, would have to go up significantly and services be cut back, perhaps, according to Mr. S. J. B. Skyrme, the deputy chairman, by as much as 15 per cent. This could also be the amount by which fares would have to rise.

For the hard fact is that, as far as the bulk of the population is concerned, most bus services, contrary to popular mythology, receive very little in the way of subsidies. Direct Government operating subsidies this year (that is leaving aside the fuel duty rebate—£12m. in 1974 for NBC—and new bus grants—£7m.) are to amount to £141m., assuming no cutback. Of that, a massive £77m. is earmarked for the Greater London Council to subsidise the capital's travellers. The metropolitan counties, in whose areas the seven passenger transport executives function, are to receive £52.5m., with just £9m. to be shared by the remaining 47 counties covering 61 per cent. of the population. And of that £9m., NBC expects to receive £5m. at most.

This, of course, is not the end of the story. For local authorities can, and do, give further support to bus services out of the rates. But it does mean that NBC has to raise something like 90 to 95 per cent. of its revenue directly from its passengers, compared with around 20 per cent. for London Transport and the PTEs, under 75 per cent. for British Rail—and only 50 per cent. for many other bus operators in Western Europe. With a 30 per cent. inflation rate, the bus undertakings here clearly need more money, and lots of it. Yet the prospects for raising it all from the passengers are obviously limited — the self-defeating effect of pushing fares ever upwards has been clearly seen—while the current economic and political climate is equally obviously unfavourable for increased Government and local authority support.

Profitable

The case of the NBC, for long one of the most profitable and most neglected of our State-owned industries, is instructive not only for its own sake but as an example of how awry our priorities for transport have become. NBC is far from the only bus operator in the country, but it still merits far more attention than it is given: indeed, the contrast between it and, say, London Transport into which so much public money is pumped—is almost laughable. For it is the world's biggest bus operator, operating 20,000 buses and coaches and accounting last year for 2.2bn. passenger journeys along 726m. bus miles. Yet it receives but a paltry 3 to 4 per cent. of the Government money that goes toward subsidising bus services, even though it is the only bus operator of any importance throughout the larger part of the country.

To say that NBC is the only deserving body on the bus scene would, of course, be a nonsense. But what the figures do suggest most strongly is that national priorities about transport have gone hopelessly wrong. After all, if in one of the major cities a bus fails to run the result for the passenger is often just a wait of another 10 minutes or so. In a rural area, if a bus fails to turn up or has to be withdrawn for some reason the result may well be a delay of days before the next one is due. Nonetheless, it is on the big cities that the cash aid is concentrated, regardless of the fact that the distances being covered by typical passengers are often less than elsewhere.

It is probably this that accounts for the great contrasts seen in the public transport world—the dichotomy between the enthusiasm and obvious concern found so often among those responsible for running the operations and the state of the bus services themselves and the buses which eventually turn up, if they do.

Thus, to go from London to various parts of the Continent by bus is relatively simple: to go from one village to its shopping town a few miles down the road may well be impossible save on market day. There are many parts of the country where public transport is worse now than it was a century ago. Obviously, the car is a major villain of the piece. The bus is seldom an alternative to it, after all, for car owners are not often, outside urban areas, likely to be weaned away from their own vehicles onto something far less flexible and frequently less comfortable.

It is little wonder that bus usage has been steadily falling —last year's NBC figure of 2.2bn. passenger journeys compared with 2.3bn. in 1973—even though a slight reversal of the trend is likely this year or next as the recession forces people to make less use of their cars. The result, given present policies—or the lack of them—on transport is a vicious circle in which the average to well-off continue to become more and more mobile while poorer people have even what mobility they had taken away from them.

Hard

The bus operators themselves have been fighting back, and fighting back hard. Dial-a-ride buses, bus lanes and even special bus ways segregated from other traffic, park and ride experiments, books of tickets which can be bought from neighbourhood shops, flat-rate fare frequent running "superbus" services, and many other innovations are being tried out as possible ways either of bringing passengers back to the service or bringing back a service to former passengers who have been having to do without, or both.

The dial-a-ride system, currently being experimented with in this country by both NBC and London Transport, provides a service a cross between a bus and a taxi. Vehicles, usually mini-buses, leave their point of departure at fixed times and normally have certain set roads to traverse on their way to their fixed terminus. But in between buses can be diverted to meet users' requests, with customers phoning a control point from their homes or even, in some cases, using special roadside phones, to ask to be picked up. The half-dozen or so schemes now in operation vary in their details and degree of sophistication. Perhaps of major importance is that at the new city of Milton Keynes, which is being designed round such a public transport system from the outset. Among the significant points about this scheme is that the estimates of passenger demand have been met almost exactly, thus proving that it is possible to anticipate usage accurately.

What they have in common is the way they provide a service to areas that, in the main, normal buses cannot penetrate —streets too narrow or too twisting for conventional buses or of a residential character such that regular full-sized vehicles would clearly be undesirable.

Bus lanes are another recent innovation. Once again, it is a new town, Runcorn, which (appropriately enough in view of the practical idealism aimed at making a civilised urban life available for all town dwellers which spurred the Garden City movement, the original new town pioneers, at the turn of the century and has continued ever since) is showing the most originality in the field, with its Busway system separated from the ordinary traffic roads.

Busway

The Busway is more than an ordinary road which carries buses only and is barred to other traffic. The significance of the scheme is that, for the first time, a whole town (with a target population of 100,000) has been planned and designed round such a public transport system. This means, for example, positive discouragements to the car; bus stops in the factory area are deliberately nearer, in most cases, to the various plants than the car parks are.

Thus, there is a difference in kind here from the bus lane now increasingly seen in London and other cities, aimed at giving buses priority over other traffic by reserving a section of the roadway for them alone at peak times or all through the day or by allowing them to travel in the reverse direction to the normal traffic flow. But these too, despite some well-publicised teething problems, have been playing a valuable part in speeding services and reducing city street congestion. Where they have also scored is in reducing accidents: a Manchester scheme, for example, has brought a 50 per cent. decline in accidents in its wake, in part, perhaps, because of the easing of the frustration felt by drivers clogged up in traffic.

Indeed, so keen is the NBC on bus lanes that it is planning to produce a package, including two Transport and Road Research Laboratory films of experiments at Reading and Derby, for use by its subsidiaries in a drive to sell the idea to local authorities throughout the country. At the same time, London Transport has had a great deal of success in converting its Greater London Council owners to the concept, as have at least some of the passenger transport executives in the metropolitan counties.

Park and ride experiments are something else again. Basically, what is meant here in terms of bus services is a series of car parks around the edge of a town, served by frequent buses going directly from them into the town centre. The key town in this is Oxford where, thanks to the park and ride concept, the city council has been able to take a series of greenfield sites on the outskirts of the city for conversion into car parks instead of having to put up what, no matter how excellently designed, would inevitably have been multi-storey eyesores in the centre. What has really happened here is, as in Runcorn, as much an anti-car move as a pro-bus one; the people given most consideration have been those who actually live in a place rather than those concerned to move in and then back out, or just simply through it, contributing little or nothing save problems while they are in transit.

Another approach to the same problem has been seen at Stevenage new town, home of the superbus experiment conducted jointly by NBC's London Country subsidiary, the Department of the Environment and the town's Development Corporation.

The first route was established in 1971 and now, substantially modified, carries nearly three times as many passengers as the conventional bus service it replaced. What it offers, basically, is a very frequent—every five minutes or so —one-man operated service to key points of the town on a flat fare basis. The fares are pitched extremely low, so that the whole service—there are now two routes—has to receive pretty hefty subsidies. But car commuting to the town's factory area has fallen during a period of rising car ownership, with benefits that need no spelling out which mean that the routes' £35,000 a year loss is compensated for in other ways.

In London, a not dissimilar service has just been given the go-ahead by the Greater London Council's transport committee. Called "speedbus," it will operate over a ten-mile route in the centre of the city at a hoped-for five-minute frequency. In one main thoroughfare, all traffic other than buses will be barred in one direction, while Oxford Street is to be closed to taxis. Many new bus lanes will be introduced. The result, according to the joint GLC-London Transport team behind the project, should be a 25 per cent. reduction in journey times, thus allowing a saving in both bus and crew numbers while, thanks to the route's frequency and hoped-for reliability, attracting additional passengers. The scheme, which has drawn opposition from some of the borough councils through whose areas it will go and from the police, will take three years —and £1.5m.—to implement from the time of final approval.

All these experimental activities are, by and large, urban area ones with little application for the rural districts which, arguably, suffer most from reduced or inadequate bus services. These areas, too, have not been neglected in the search for ways to attract people back to the buses and to provide services where none have been feasible.

Among the companies pre-eminent in this is Eastern Counties, which operates in a wide area of East and Mid-Anglia. In North Cambridgeshire and Huntingdonshire the company has revived the Victorian concept of the village carrier—the bus which, when requested to do so, will, for example, pick up a customer's shopping order for her and deliver it to her home.

Village

The company has also been instrumental in setting up a village co-operative bus service, in conjunction with Norfolk County Council (which will be guaranteeing the bills although it is optimistic that viability will be achieved), to provide buses to a group of villages previously with no public transport at all. What it is doing is giving a mini-bus to the village group while training volunteer drivers and looking after the vehicle's maintenance. The service, likely to become operational within the next week or so following a series of public meetings in the areas involved, will be a wholly flexible one: where the buses go —regularly to the nearest market towns with week-end excursions to the coast or school trips, for example—will be decided by the village committees.

All these sorts of experimental operations, often with Government and local authority backing, are evidence of the way the bus industry is fighting back against its problems. Indeed, any suggestions that it is a dying business would, despite the cutbacks in route miles and passengers carried, be false. After all, NBC is actively involved in 18 new towns and has to be putting a great deal of thought into the provision of public transport facilities there where none were required before.

Nonetheless, it can be argued that bus operators are still not doing enough. For the great majority of the various schemes now being tested are for special applications only — towns with streets too narrow for conventional buses, big cities, or remote and scattered villages. For the bulk of the service, it is the normal, familiar fare stage bus which is long going to continue. And it often is not good enough.

London Transport is, perhaps, a model as far as operations of this kind are concerned. Passengers may grumble at service frequencies—the envy of those living outside the capital—and fare levels—up to a third less than those pertaining on other services, thanks to the GLC's massive subsidies—but London buses are, above all else, easy to use. They halt at stops with timetables and other passenger information attached; they display on their destination blinds where they are heading and through which areas they will pass.

Outside London, all too frequently, the opposite is the case — buses just bearing numbers but with no destination displayed; bus stops which inform you merely that that is what they are, without showing what buses, and to where, halt there; whole towns served by a series of routes which, though putting most people within a few hundred yards of a bus stop, might just as well be secret services for all the passenger information which is available. There are even cases of competing NBC subsidiaries which, so far from working together, carve things up to make it impossible for passengers to obtain a decent service from either of them.

And inter-connecting services, whether bus/bus or bus/rail, frequently leave much to be desired, even where they exist at all (this is another area where experimentation has been going on).

Quite clearly, the enthusiasm displayed so evidently in head offices is not carried sufficiently down the line, and there is a lack of co-ordination and central control which makes it hard for people to use buses when it should be easy for them to do so. The number of experiments in progress shows that people at the heart of bus operations have a lot of their priorities right, but what is all too often neglected is the standard of the normal run-of-the-mill service.

And it is this, too, which has been too little taken notice of by successive governments, so that here is where the threat lies. There is a clear limit to the small economies which can be carried out in bus operations and, by and large, the bus companies have already done them all. The experimental activities aimed at wooing customers in exceptional circumstances will probably carry on. But for the others a good deal more cash is needed.

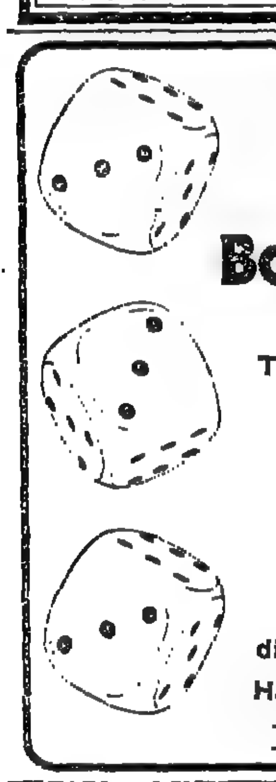
Crunch

Negotiations with local authorities are in progress now. The crunch will come when approaches for further loans or other forms of cash injection have to be made to the Government. In the present economic climate, they will probably be refused, if not wholly at least in very large part. Yet the question which must be asked, and all too seldom is, is whether the indirect benefits of increased public transport use—less private motoring and hence less petroleum consumption, less pollution and hence less expenditure on combating it, fewer accidents and hence less spending on repairing their ravages, indeed less wasteful consumption of all kinds even if it appears to be paid for (thanks largely to a form of accounting in relation to these things which ignores so many cost aspects) by those creating the damage in a way subsidised bus services clearly are not—outweigh the apparent direct costs of encouraging it. If so, and the evidence seems reasonably clear, the sooner we have a sensible, rationalised transport policy instead of the present hotch-potch of bits and pieces the better.

The private car can do a great deal the humble bus cannot. But there is much that the bus can do equally as well, given the chance to do so. And, in terms of overall cost to the community, it could be much cheaper too. All we need now are the policies to let this happen.

David Walker

Victoria Coach Station



BOOKS current works on sport and games

Playing to win

BY C. P. SNOW

The Oxford Companion to Sports and Games edited by John Arlott. Oxford. £8.50. 1,152 pages

Is there anyone alive who has sat down and read dutifully through an encyclopaedia or companion from beginning to end? It would be magnificent; it would also be slightly crazed. All I can do with this particular one is sample the articles. They seem to be uniformly very good of their kind; and, like anyone else *who reads about cricket, I have* complete confidence in the editor, John Arlott, professionally competent, cultivated, humane, interested in the personalities and social histories of games as well as their technique. So, on those impressions, I give a *positive verdict. But it has to* be tentative, and in advance I disclaim responsibility if someone indignantly protests that the essay on, say, pelota is very far *from* the last word in modern scholarship.

The only man I have known who would have read enthusiastically through entry after entry (over cold beef and a pint of beer at the Blue Boar, thus escaping from Trinity High *Table) would have been* the mathematician G. H. Hardy. He loved all games, and knew a remarkable amount about most of them. Further, he loved all *competitive activities of any* kind whatever.

Thinking of Hardy made me reflect on one or two oddities about the fate of great national games. *He knew almost as much* about baseball as he did about cricket, and must be one of the few Englishmen who have written to the Baseball Commis*sioners suggesting a* modest (and entirely sensible, like all his practical suggestions) emendation to the *rules*. The article on baseball, by the way, is extremely interesting.

Baseball is, of course, an absolutely first-class game. You have never seen fielding unless you have seen major league baseball. The catching and throw*ing are so perfect that one soon* takes them for granted. And it is a recurrent technical puzzle how the pitcher—at more than the pace of a very fast bowler—can do so much in the air, curving (swinging) both ways, dipping, even floating. Though the tactics *are as subtle, it is not* such a pretty game as cricket: partly because the batting is more mechanical, but more because cricket clothing and green grass are visually pleasing, and the baseball spectacle just isn't.

This leads to a question which used to puzzle *Hardy. Cricket is* appreciably the more difficult game of the two to understand. So why has it travelled and been adopted quite widely (Asia, *Africa, the Caribbean)* and baseball almost not at all? Colonial influence is obviously part of the answer, but one would have thought that that wouldn't survive if people found a more congenial game. As a result of the post-war occupation a num*ber of Japanese have taken to* baseball and characteristically play it well. But that is the only major triumph of American imperialism in games. Despite *the influence in Latin-America*, baseball hasn't spread.

There is an extension of this problem. None of the major American indigenous games—as opposed to those they took from us, such as golf and tennis, and showed us how to play—has proved exportable. Baseball hasn't. Nor has American football, not in the slightest, though at home it is the great spectator sport. Nor has basketball, except to the Soviet Union. In small-town America crowds flock to high-school basketball every *Saturday night*.

There is one solemn sociological suggestion. Soccer is the game of the world proletariat. It was developed, and brought to its present shape, by the British working class. With Blacks in a separate category, the U.S. scarcely has a *genuine proletariat* (which is why some political analyses this side of the Atlantic have often gone so wrong). American football *originated in the colleges*, and the college competitions remain the tremendous popular draws. The game is money oriented enough, there are plenty of scandals, but the social climate is quite different from that of soccer in Rio, Manchester, Buenos Aires or Leeds.

As a pendant, there is one other international working class game, not so sensational, but played seriously everywhere except in the U.S. That is table tennis. There is a competent description in this encyclopaedia. Perhaps it could have done with some of the editor's personal illumination. So far as one knows, though, he has not let his imagination spread itself on the game.

Mr. Ashe, Mrs. King and others

BY JOHN BARRETT

Three autobiographies and four instructional books are among the flood of tennis literature that has descended on my desk in recent weeks. The arrival of open tennis in 1968 has, it seems, done more than raise both playing standards and levels of prize money. Especially in America we find all the peripheral activities associated with a full-blown professional sport *including exploitation of the star* image of its leading performers.

The Bjorn Borg Story (Pelham, £2.50, 96 pages) falls into this category. It is a simple story simply told. It could hardly be otherwise from an author just *turned 19 who admittedly* achieved early greatness as the youngest-ever French champion in 1974, a title he retained. The direct schoolboy style may *appeal to his army of teeny*-bopper fans but we are given little insight into the reasons for his remarkable precocity.

The black American, Arthur Ashe, has chosen a different approach. **Portrait in Motion** (Stanley Paul, £3.95, 272 pages) is written as a diary, beginning with the historic players' boycott of Wimbledon in 1973 and ending at Wimbledon a year later. Here is the insider's view of a major sport that rings true for its admission of human failings as well as aspirations. It was, we are told, written or rather spoken on to tape and reshaped by Frank Deford of Sports Illustrated, which may account for some flat, unemotional patches. We see through flashbacks the young Ashe struggling to adjust to his unique place in a white man's world and watch with respect his honest endeavours to change *political attitudes in South Africa* on his historic first visit in November, 1973. The haunting phrase of the banned black jour*nalist Don Mattera reflects Ashe's* own views: "There'll come a day when we have the luxury to criticise, to disagree with each other, in public."

Ashe's way is the gentle way as one would expect from a sensitive artist as deeply concerned with the brotherhood of mankind as with the welfare of the members of the Association of Tennis Professionals of which he is president. If Ashe lacks the descriptive genius of a Boswell he brings the smell of sweat and linament to the tennis scene with all its pressures and we feel genuinely sorry for him towards the end of the diary when Kathy, the shadowy figure who flits in and out of the pages, finally departs after a two-year experi*mental relationship that failed*.

No one could call Mrs. Billie-Jean King a failure. Her latest offering, written with Kim Chapin, **Billie-Jean—an Autobiography** (W. H. Allen, £2.95, 208 pages), gives us "the whole bit," as she would say. We learn how the kid from Long Beach becomes the arch-apostle of *Women's Lob; we hear about the* abortion, about Team Tennis and the Women's Tennis Association. For those who like their heroines larger than life (and few come *larger than* B.J. being carried, Cleopatra style, into the Houston Astrodome for her ballyhoo match with Bobby Riggs) then this wide-ranging volume pro*vides it*.

Mrs. King sums up her own attitudes for us: "I've made my mark and I know what it feels like to be the best in something. *Besides," she adds*, "... I'm not just a tennis-player any more."

Of the instructional books **Neale Fraser's Successful Tennis** (Pelham, £2.90, 80 pages) is the *best. The large pages contain* 40 lessons covering the whole game admirably. There are excellent line-drawings too that make the points easy to follow.

Starting Tennis by C. M. Jones and Angela Buxton (Ward Lock, £2.50, 96 pages) is an excellent attempt to introduce young beginners to the game but Tom Okker's ***Tennis in Pictures*** (Oak Tree Press, £2.10, 160 pages), a lation of a 1970 Dutch book, suffers from being out of date though the photograph stroke *sequences are good. The same* publishers give us **Tennis Doubles** by Paul Metzler (Oak Tree Press, £2.10, 160 pages), an over-intricate offering that makes *the simple things appear difficult* by surrounding them with verbiage. For those who enjoy this approach though he does attempt to cover the ground thoroughly.

Mr. Barrett's own recent publications include a paperback with the veteran Australian *tennis champion*, **Play Tennis with Rosewall: The Little Master and his Method** (Queen Anne Press, £10.10, 160 pages) and a volume in the Macdonald Library of *Sport*, ***Tennis and Racket Games*** (£1.50, 61 pages) which has colour-illustrated chapters on stroke-play sponsorship, people and separate sections on badminton, squash, *table tennis, pelota*. He is in addition the editor of **World Tennis '75** (Queen Anne Press, £2.25, 352 pages), a BP and Commercial Union Yearbook, and **Tennis '73** *(Queen* Anne Press, 60p, 48 pages), which cater both for the tennis statistician and the enthusiast.

A. C.

All gammon

BY ANTHONY CURTIS

The New York Times Book of Backgammon by James and Mary Zita Jacoby. A. and C. Black, £2.95. 175 pages

Goren's Modern Backgammon Complete by Charles H. Goren. Pelham Books, £3.50. 208 pages

Harrap's Easy Guide to Backgammon by James T. Goldsmith. Harrap. £2.25. 71 pages

Backgammon by Prince Alexis Obolensky and Ted James. Star Books (paperback), 75p. 171 pages

Beginning Backgammon by Tim Holland. W. H. Allen, £2.75. 209 pages

Backgammon: The Modern Game by Terence Reese and Robert Brinig. W. H. Allen, £3.75. 139 pages

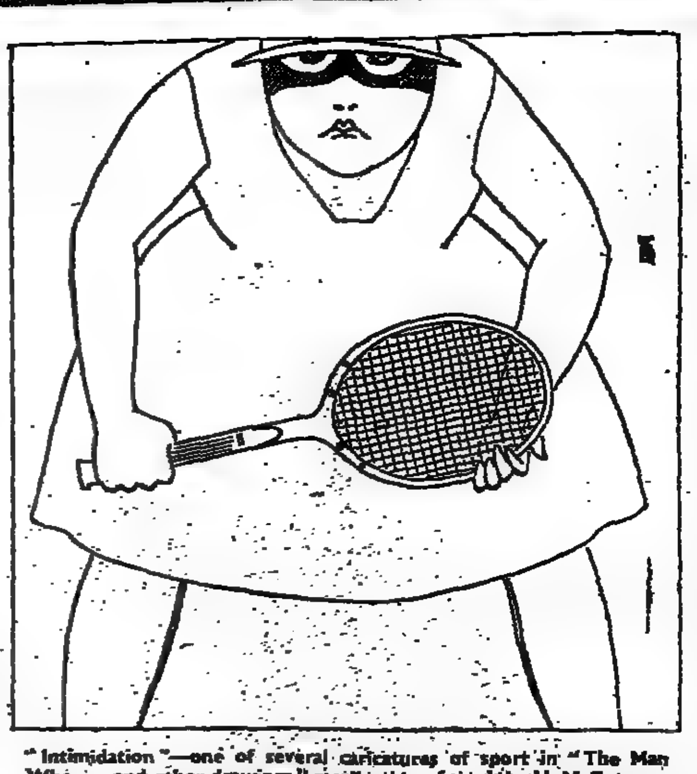
Books on backgammon have begun to boom in the past few years. They mainly stem from the U.S. where a great wave of interest in the game preceded the sudden craze for it here by *a year or two. The half dozen* reviewed represent only a sample, ranging from guides to basics for the raw beginner to disquisitions on delicate questions of doubling and "pip counts."

All these authors insist on the *need* to memorise the routine opening moves and expound at varying length on the *raisons d'être* for them. Where there are alternative possibilities, as for instance with an opening throw of six and two, they are enumerated, the pros and cons considered. *I commend Mr.* Holland's method of codifying these side by side under the general headings of Aggressive and Conservative. J. and M.Z. Jacoby (the son and wife of Oswald Jacoby of Dallas whose *The Backgammon Book* with John R. Crawford made a pioneer appearance here in 1971) have a section on replies to the opening move which is useful but inevitably incomplete: so does Terence Reese whose book is beamed at the intermediate and more advanced player. Reese categorises openings in his own subtle fashion as — pointers, builders, six-shooters, tempters.

When they reach the intriguing area of the middle game the more sophisticated authors like Reese go into the different ways *of making spot checks of odds* and probabilities, those vital calculations that tend to frighten many potentially above average players. Most of these instructors (several of whom, *incidentally*, are champion bridge players) are content to spend the rest of the *time talking us through some* specimen games, with good examples of running, staying back, and the hazards of bearing off.

Because there is no commonly agreed backgammon shorthand one usually gets only two or three games given in full. Compare chess books which may give one *as many as 50 games in one book*. Each game in backgammon is illustrated by a diagram for each move which is extravagant, but does give scope to art editors and designers. Goren gets blobs of *red* ink on black and white; even prettier is the green for the *points on the board in the* Jacoby volume but their diagrams are not always cheek-by-jowl with the text to which they refer: the others all manage pretty well with half-tones and dotted lines. Reese has an effective "3-D" effect for the *men*.

A best buy? Oblensky is a snip in spite of small print. Goldsmith's is larger. But if you intend not to buy but to borrow *in the first instance from the* library then for the novice Holland is an attractive tutor as painless as is humanly possible; after him graduate to Goren, the Jacobys and Reese. You would need to be awfully good not to learn something from each of them.



"Intimidation"—one of several caricatures of sport in "The Man Who . . . and other drawings," a collection of work by H. M. Bateman edited by John Jensen (Eyre Methuen, £2.95, 94 pages of illustrations)

Eye on the ball

BY WILLIAM WHITELAW

Golf in Britain: a social history *from the beginnings to the* present day by Geoffrey Cousins. Routledge, £4.50. 176 pages

As one who has now played golf for over 50 years and has seen the amazing development *of the game over these years*, I have found Geoffrey Cousins' book fascinating and in many ways novel.

Most books on golf tend either to be personal reminiscences or of a detailed instructional nature. Both have their interests and their deficiencies. *Golf in Britain* is refreshingly different. *It is concerned with the history* of the game from its earliest beginnings in Scotland on very primitive links and commons to the world-wide game on the beautifully tailored, almost manicured courses of to-day, *from the expensive pastime of* Royalty and the Scottish lairds to a game enjoyed by millions in all walks of life. It gives an interesting account of the de*velopment of clubs and balls* from the old wooden implements carried in the caddy's arms and the "featherie" and "gutty" balls, to the matched sets in *huge golf bags and the modern* balls which the champions consider almost unfit for playing if in any way marked.

The book tells the story of an exclusively male amusement, gradually infiltrated by females *until the only signs of sex dis*crimination are the Ladies Tees and the refuge for males still provided in some Club Houses, notably I am glad to say, the Royal and Ancient Golf Club of St. Andrews. *For players of my* generation there are many references to which one can testify from experience.

For younger players there are *fascinating sketches of the game* even in comparatively recent years which they will find hard to believe despite the undoubted accuracy.

If I had a criticism it is that the book, while correctly describing the changes in social attitudes to golf over the years, dwells too much on class divi*sions. As the subject matter is* a game, not a study in social attitudes, there is a danger that too much emphasis on different social classes and the privileges *accorded to them tends to appear* like an obsession.

Despite this, however, I greatly enjoyed Geoffrey Cousins' treatment of this wide subject in a *brief and readable form*. If I may intrude one thoroughly personal observation. I enjoyed the paragraph about A. J. Balfour's time as Secretary of State for Ireland in 1887 when "Detectives shadowed him on the golf course." *Plus ça change, plus c'est la même chose*. In 1972, as the first Secretary of State for Northern Ireland, I shared Mr. Balfour's experience on the *golf course* but in line with the times, there was probably one difference. I converted one of my detectives, previously a rugger and cricket player and somewhat contemptuous of golf, into an ardent student of the game, likely to become no mean performer.

Boundary lines

BY TREVOR BAILEY

This summer has, as usual produced a clutch of cricket books. *The well respected, former* cricket correspondent for the Yorkshire Post, Jim Kilburn offers **Overthrows** (Stanley Paul, £3.90, 150 pages). This is really *a series of disciplined essays on* players, famous and not so famous, and various aspects of the game from the turn of the century until the present day. A *fair, if somewhat ascetic critic*, he has several stringent things to say about the modern scene and is clearly worried by some of the side effects of too many sponsored, *limited-over matches*. He makes a number of valid points.

The past is recalled with affectionate nostalgia, including a fine tribute to Cyril Turner, a Wally Hammond master innings, and many other magic moments. It it extremely well written and, perhaps short on humour, but with cricket close to a religion in Yorkshire the game is liable to be sacrosanct.

The *editor* John Sheppard in his introduction to Cricket More than a Game (Angus and Robertson, £4.80, 250 pages) says in this well produced and *splendidly* illustrated book that "it is very much a hybrid for it cuts across all the traditional formats." In these circumstances it is hardly surprising that the overall pattern is rather vague and resembles a fascinating train journey to no*where with numerous stops along* the way. At these wayside halts the reader is regaled by hosts of the calibre of Arlott, Benaud and Fingleton, all in good form. This is one to keep by the bed and to dip into on a cold winter's night.

The Assault on the Ashes by Christopher Martin-Jenkins (Macdonald and Janes, £3.50, *216 pages) tells the story of the* last Australasian tour, which proved to be one of the most controversial; and humiliating ever undertaken by the MCC. The author displays the diplomacy of Mr. Harold Wilson and treats the more unsavoury *incidents so gently that none of* those involved including the guilty, can take exception. This gives a rather *bloodless* flavour to his interesting, and statistically accurate account, but many cricket lovers may feel that it is all the better for that.

In **My Way** (Hodder and Stoughton, £3.25, 199 pages) Glenn Turner traces his career from his boyhood until he has become one of the most accom*plished batsmen in the world*, possibly his country's finest. It is a straightforward, unpretentious tale by a pleasant young man, who clearly enjoys and loves the game. His one exception concerned the Australian visit to New Zealand in which there were numerous boorish incidents, and he is old fashioned enough to find these distasteful. He has several pertinent points to make on both domestic and Test cricket and explains his own attitude to batting.

Sort of a 'Cricket Person' by E. W. Swanton, surely destined to become a sporting classic, if it *is not already, has been issued* by Fontana as a paperback (60p 301 pages). This constitutes exceptional value for an outstanding autobiography by one of the *game's most distinguished* correspondents. The canvas is vast and covers all the outstanding players, administrators and problems from late 1920s to the *1970s. To be savoured to the full*, it should be read in a tuxedo, or at the very least a smoking jacket.

The BBC book of Armchair Cricket edited by Brian Johnston (BBC publications, £1.25, 224 *pages) packed with information* should prove a useful asset for television viewers.

Danger driving

BY BRIAN AGER

Speed with Style: the auto*biography of* Peter Revson by Revson and Leon Mandel, William Kimber. £2.95, 221 pages

François Cevert: A Contract with *Death* by *Jean Claude Hallé*, William Kimber. £3.50, 213 pages

A week before his death, Revson and Leon Mandel had completed the manuscript for this autobiography. It concentrates on the 1973 season—when Cevert was killed—and gives plenty of behind-the-scenes detail. It *ranges from* the well-dressed Grand Prix world to the boots and levis of American championship racing.

It was not a very satisfactory season for Revson. He won the British Grand Prix, was earning $300,000 a year, but was forced *to switch teams to keep* in top-flight racing.

The Cevert story was written after his death and, as its *title* suggests, is overshadowed with gloom. Chapter 1 starts on the morning of his fatal crash at Watkins Glen and his life is then reviewed in *an irritating*, jumpy flashback style. Each chapter is written in the same fashion.

But it contains an insight into the *real man, beyond* what he says himself: "I like life, I like to laugh, I like birds." It also gives an insight into the ruthless side of racing, with Cevert slowing his car on a corner to make the man behind him go into a spin and celebrating his success in the Italian Grand Prix with a champagne party the day after his friend Jochen Rindt was killed. Cevert justified this by saying: "Was this gaiety out of place? No. We know death is in our contract."

Bridge hands

BY E. P. C. COTTER

Championship Bridge by José Le Dentu. A. and C. Black. £3.90. 301 pages

***The Art of Card Reading at Bridge* by Fred L. Karpin. A. and C. Black. £3.50. 232 pages**

Two excellent books on Contract Bridge have appeared this year. The first is the work of José Le Dentu, the well-known French *international* player and bridge columnist of Le Figaro. *Championship Bridge*, as his book is called is not only a storehouse of amusing anecdotes about *bridge celebrities* and famous matches, but it is as instructive as a textbook, for M. Le Dentu has the true teacher's gift of clear exposition.

Besides the accounts of championship matches you can learn of great disasters where the mighty fall harder than the rawest recruit. If you want to match your skill against that of the top players, there is a chapter "What Do You Bid, Messrs. Experts?" which will give you just the opportunity. *You* can test your bids, your opening leads, your responses, your overcalls and your slam bidding against those of the internationals of various countries.

When we turn to the second book, *The Art of Card Reading at Bridge* by Fred L. Karpin, may lack the flowing prose style and obvious *joie de vivre* of *Championship Bridge* but for all that it is an excellent work. Mr. Karpin has made a name for himself in tournament bridge in the *United States*, and is well qualified to write on the game. Moreover, he has chosen card reading which is an essential weapon in the armoury of any *player who aspires to reach* international standard or indeed to hold his own on the rough tumble of the parti libre.

Card reading or counting the *hand entails a fair amount of* hard work and so it is a closed book to the lazy player.

The Executive's World

EDITED BY JAMES ENSOR

Doina Thomas describes OGEM's expansion

A bridge made from tiles

WHEN CAN you use a roof tile to build a bridge? Answer: when that roof tile is a subsidiary company of an expansionist international trading company. The company in question is the Dutch holding company, OGEM HOLDING, which to-day, through using roof tiles as bridges has a turnover of approximately £600m. derived from more than 180 subsidiaries in various industries.

The roof tile analogy comes from the explanation that Karel Fibbe, president of its board of management, frequently gives when asked the rationale behind Ogem's acquisition policies; the company likes potential acquisitions to have activities that overlap a little with the activities of existing Ogem subsidiaries. The bridge analogy was developed by deputy president Roelof van Heusden when discussing the latest Fl.60m. acquisition, Lindeteves-Jacoberg, which was completed at the end of May.

Deputy president Roelof van Heusden

This company, which was bid for by Ogem's only quoted subsidiary THV International, has considerable interests in developing countries. "It will give us a bridgehead into the third world," comments van Heusden, adding that Ogem likes its acquisitions to open up bridges into new areas as well as linking into the old.

While a lot of this philosophising could be described as post hoc rationalisation, this does not detract from the effectiveness of the early acquisition programme. Over a hundred years old, Ogem was originally a utility company supplying gas and electricity services to the Dutch colonies in the Far East and Latin America That period of its existence was centralised less than 20 years ago. As with so many companies based on the colonies the choice for the company was relatively simple: it could stay as it was and gradually die or change dramatically to attempt a continued existence.

The decision to aim for a continued existence was taken in 1959 when Ogem (the initials of the Dutch for overseas gas and electricity company) bought a major Dutch electrical contractor, followed about five years later by the purchase of another major contractor in central heating. Acknowledging its ignorance of their markets the company left both severely alone, a policy it presently follows with only minor financial modifications.

But the continued existence of Ogem as a corporate entity, albeit drastically different, was only truly ensured by a merger that took place in 1969. Then the company decided to offer a merger by means of exchanging some of its trading subsidiaries for equity in the company concerned, a trading company called Technische Unie which was two-thirds the size of Ogem. The arrangement resulted in slightly more than majority control.

Ogem was spurred to take more active interest in its subsidiaries by a further purchase, some three years after that of TU, of a troubled trading group called Stokvis. It was the first acquisition with problems that Ogem had taken on but was, in due course, successfully sorted out. It was roughly at this time that Ogem's present divisional structure, trading, installation, energy, industrial and the infant construction, began to emerge. (TU and Stokvis became THV International, the trading division.)

The steady pace of acquisitions throughout the 1960's achieved one primary aim of the company, to derive more of its earnings from Europe and so lessen its dependence on its remaining business in Dutch Latin America. In 1974, prior to the merger with Lindeteves-Jacoberg, only 20 per cent. of the company's income still came from countries outside the Netherlands.

The pace of acquisitions of new companies was a strong factor in determining the way in which Ogem decided to control its new and burgeoning subsidiaries. The fact that many of them were family companies, often rather stronger on management than cash, also influenced. Ogem's central management style which, on the surface, appears to be very much laisser-faire. "We have decentralised from the bottom up," comments an Ogem director. "Instead of delegating certain powers to our subsidiaries we take very few away from them, such as control over financing.

Apart from the very strict, if obvious, instruction never to over-run their bank facilities, the only other cardinal financial rule for Ogem subsidiaries is that the company wants to see at least 12 per cent. return on its money after tax (inflation in the Netherlands is still in single figures). That 12 per cent., too, is the normal starting point from which Ogem considers possible acquisitions. Ogem itself has consistently made between 12-13½ per cent. over the past 15 years.

The chase after acquisitions according to de Bakker, was partly to establish a firm home market after which Ogem could diversify internationally. "But one must not overlook to-day's profits for the sake of a future balance of earnings," he comments.

Ogem would consider that it is now very firmly established in its home market, about 80 per cent. of its sales are generated in the Netherlands. But the 1973 oil crisis, which hit the intransigent Dutch pretty hard, forced Ogem to redefine its concepts of the international market.

"A few years ago we thought it logical to go into neighbouring countries when diversifying internationally," reflects van Heusden. "Then the oil crisis showed that Europe has common problems." The conclusion was obvious: to become truly international Ogem had to establish itself outside Europe, for Europe was the home market.

This is the main reasoning behind the merger of THV, Ogem's quoted trading subsidiary, and Lindeteves-Jacoberg. The joint company will have a turnover of around Fls.2bn. which makes it the largest trading company in Europe. The merger is expansionist and not defensive, van Heusden insists, even reviving a word not heard in Britain since its merger boom died—synergy. "The merger will be synergistic—we are not accustomed to anything else."

The newly formed company, with its own board and only two Ogem directors, will work very much at arm's length from Ogem as many of the smaller companies seem to do. But the present size and diversity of its interests has led Ogem to consider ways of exploiting these without merging all its many subsidiaries into one massive bureaucratic organisation.

The appointment of a divisional co-ordinator to the infant construction division some nine months ago was a first step in the search for synergy from the independent subsidiaries. The job has two parts. The first is to act as a co-ordinator "to make sure they do not invent the wheel in three places at the same time."

The second part of his job is to look for those projects which do not automatically fall into the market of any one Ogem company but could be handled by an Ogem team. Already this divisional director has found himself working closely with companies in Ogem's installation division.

However, all this internal and external activity seems to leave the Amsterdam stock market unimpressed, even allowing for the fact that it is not the most active European bourse. Ogem, outwardly, does not care. As finance director de Bakker points out: "If one transforms a company with a high rate of profit into a different better type of animal with a high rate of p ofit, the achievement is not recognised outside."

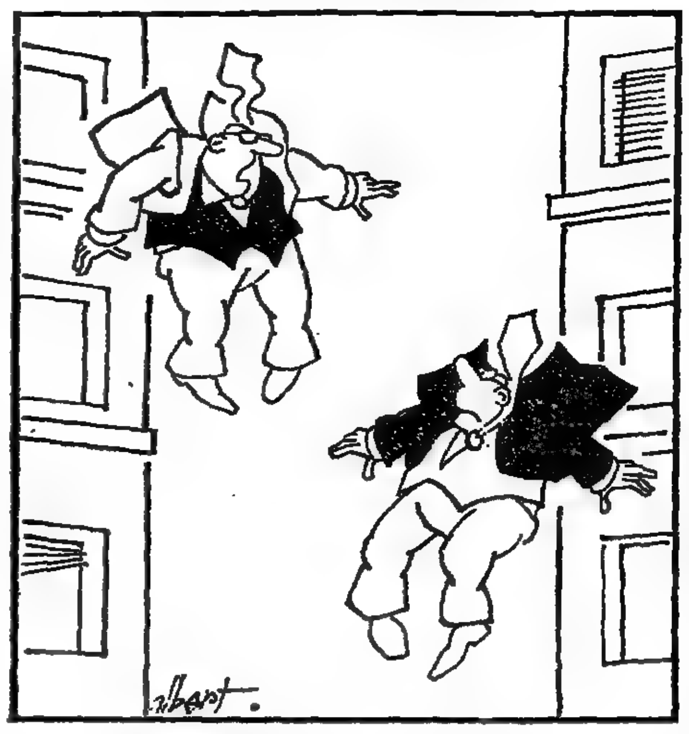
BANKRUPTCIES

The tell-tale signs

By John Argenti

THE RECENT SPATE of company failures has drawn attention to the fact that very little is known about why companies fail. No one seems to know the answers to even the most elementary questions, such as whether it is possible to predict failure—judging by the shock and amazement that usually greet announcements of collapse it is not possible (remember Penn Central, Rolls-Royce and Burmah Oil, for example). Do companies normally fail suddenly, then, without any warning?

In fact most companies that fail do not do so suddenly. On the contrary, it seems likely that they move down a quite well defined "failure-path" stretching over a considerable number of years. Furthermore, long before insolvency occurs, and even before the company steps on to its failure-path, certain defects in its top management structure will be apparent—indeed without these it would probably never find itself on a failure-path at all. There may be as many as six of these defects, one's anxiety as to the company's future being approximately proportional to the number of these it displays.



"... we bought you out yesterday!"

Defects

One of these management defects associated with failure is a chief executive who dominates his colleagues rather than leads them as more normal chief executives do. Another is an unbalanced top team: for example, one of Rolls-Royce's boards boasted 22 directors of whom only one was not an engineer! A finance function that is not strongly represented on the board is another defect, so is a board whose members do not actively participate in decision making. Another is lack of management talent below the board. Finally, and possibly the most significant, there is the man who combines the role of chief executive with that of the company's chairman.

The company that is likely to fail may also have defects in two other areas. One of these is its accounting information systems where typically its budgetary control or its cash flow planning or its cost analyses—or all three—may be faulty or non-existent. This means that its managers may not know what profits or losses the company is making, nor when the next peak demand for cash will come and how it will be met, nor what each product costs nor what it contributes to profits.

The other defect, even more serious, is that the company does not adequately respond to change. Typically it will shrug off a strike in the factory as "one of those things" when it is really a sign that the managers have not understood the change in attitude that has taken place on their shop floor. Or it will dismiss a technical advance by a competitor as "a gimmick."

This, then, is the picture so far; companies that are likely to fail display up to six clearly visible management defects. Inevitably they are poised to make a monumental mistake—the more of these fatal flaws they have the more inevitable will this be. When they do make the mistake it will almost certainly be one of the three classic errors; overtrading, overgearing or the too-large project.

Overtrading, probably the most common, occurs when sales turnover (and therefore working capital requirements) rises faster than profits or the capital available to the company. Inevitably it therefore runs out of cash. It is interesting to speculate why British Leyland ran out of cash in 1975. Was it because of inflation which was adding £50m. a year to capital requirements?

A second common error is to allow the company's gearing to rise to such a level that even the normal day-to-day ups-and-downs of business life become continual threats to the company. Sooner or later two downs come together and the company is no longer able to service the interest on its debts. The third common error is to launch a project that is too large compared with the company's resources. It could be argued that the RB 211 project was too large for Rolls-Royce, that the Penn Central merger was too large for the merging companies to handle and that the tanker service was too large for Burmah. None of these projects are too large at the time they are initiated, it is when things go wrong that their inordinate size brings the company to its knees.

Having made one of these monumental errors (some companies make two together!) certain financial ratios will deteriorate quite sharply—the Current Ratio, for example, or Cash Flow/Debt—but as soon as this happens the managers will begin "Creative Accounting." The association of this phenomenon with failure is almost invariable; in virtually every case of failure it will be seen that the managers have attempted to conceal the fact in the company's accounts. No matter how simple and elementary are the devices used—inflating stock values, for example, or treating current R and D expenditure as capital—even the most skilled outside observers are misled into believing that the company is not failing. It is this phenomenon, of course, that results in such astonishment when these companies do eventually have to announce that they are insolvent.

A number of non-financial symptoms will also be apparent; customer service may deteriorate, market share may fall, maintenance work in the factory will be postponed and so on. Finally, the company will begin to run faster and faster down the increasingly precipitous terminal part of its failure-path, frantically trying to borrow money at almost any price. Of course, not every failing company travels down exactly the same route on its way to insolvency; in fact there appear to be three different routes, each of which is usually taken by three different types of company.

One thing that all these failure-paths seem to have in common is their very long time spans. Some workers in America believe that failure candidates can be identified five years before insolvency; even if two to three years seems a more reasonable claim it is still quite a long time—long enough to make a positive identification of most failure candidates and to mount a rescue operation. This conclusion is of particular relevance to-day because a large number of companies all over the world have been severely mauled by the current economic recession. Most will recover but some will not; it ought to be possible now, bearing in mind the number of definitive features described above as being often associated with failure, to determine which are serious candidates for failure and which will recover, which are moving down a recognisable failure-path and which are not.

There ought also to be plenty of time for managers or shareholders or bankers or employees to mount a rescue operation for their company, for rescue is possible along almost the entire length of most failure-paths. A rescue at almost any point is likely to be less painful than leaving it to the Receiver (or the Department of Industry) to pick up the pieces.

The writer has recently been researching and writing a book on Corporate Collapse.

Asian 'head hunters'

KORN / FERRY International, the executive search company, has decided to extend its operations to South East Asia, and in August will open an office in Singapore.

One of the reasons for doing this is that although there are recruitment consultants in the area, there is no "head-hunting" firm as such. Companies in Singapore, Malaysia and Indonesia are having to ask executive search firms in the U.K., Europe or U.S. to recruit the right man for the top job.

The salaries offered by Asian companies compare very well with Western rates—typically £25,000 per annum as head of a trading company—and this becomes even more attractive when the low taxation rate and cost of living is taken into account.

Another point is that although Asian companies need foreign experts at the moment to fill some key posts, there are many rising young Asian executives who will soon be expert enough to do the job themselves. A local office will be able to find these men.

Mr. Ronald Binks, managing director of Korn/Ferry Dickinson, will run the new office. Over the past year the company has built up a small nucleus of clients—Sime Darby, a commodity company dealing mainly in rubber, palm oil and food (including Amoy sauce), the International Bank of Singapore, a new bank opened recently, and Wearne Bros., the British Leyland distributors for the area.

One of the problems which faces Korn/Ferry in this new venture is the question of work permits. They are not very easily come by, and so Mr. Binks has plans to train the Malay nationals in the art of "head-hunting." This will solve the permit difficulty, and eventually he hopes that the Singapore office will have an almost entirely Malayan staff.

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FRIDAY, JUNE 27, 1975

Time to think again

THERE IS now considerable confusion over just when the Government's Bill to nationalise the shipbuilding and aircraft industries will become law. Uncertainty is harmful at all times, but the Government has the opportunity, if it wishes to take it, of re-thinking both the objectives of taking these two industries into public ownership and the mechanics with which it is to be achieved.

Compensation

It was apparent when the Bill was published that the compensation terms were unfair and illogical: the delay makes them even more so. For they are based on valuing the companies, whether quoted or unquoted, by reference to Stock Exchange prices in the six months ended February 27, 1974. There could well be a gap of more than two years between the date of valuation and vesting day. This is clearly absurd, since it takes no account of inflation in the intervening period and puts the existing owners and managers in an impossible position. In view of the Government's desire to extend public ownership into other areas of manufacturing industry, it is in its own interest to ensure that the terms for compulsory acquisition of aircraft and shipbuilding are seen to be fair and reasonable. In their present form they are not.

As for the objectives, the Government has argued that the two industries have been large recipients of public funds and should be made more "accountable" through public ownership. But in a period when public expenditure is, or should be, under rigorous control, does this rather vague objective justify putting large amounts of taxpayers' money into the hands of the industries' shareholders? If the Government is genuinely concerned about their viability, it should first take a hard look at the commercial situation they face and then consider whether there might be a better use for public funds.

If one leaves aside the shiprepairers (whose inclusion in the Bill was an accidential error that should be corrected as soon as possible), the shipbuilding industry is faced with a serious recession. There is a glut of world capacity, competition from Japan is intense, and there are very few new orders to be won. Instead of busying itself with public ownership, the Government should be considering what practical steps it could take — and at what cost — to help the industry maintain a minimum base load in the yards.

The aircraft industry is faced with similar, though more deep-seated problems. It has been clear for some time that the industry was too large for its likely share of world markets; the recession has made matters worse. Capacity in Hawker Siddeley Aviation and in British Aircraft Corporation will have to be reduced; it is not obvious that an enforced merger, through nationalisation, will make the adjustment easier. The taxpayer is less interested in theoretical notions of public acountability than in making the industry viable: that requires answers to commercial questions—what new projects should be undertaken, what co-operation should be developed with Continental and American manufacturers.

Harmful

The Government should have the courage to think again about how best the problems of these industries can be tackled. It may be that the National Enterprise Board will be a suitable instrument to look after the existing Government stake in shipbuilding and to handle any new assistance which may be required. To proceed with the nationalisation Bill in its present form can do nothing but harm to the two industries concerned and to the economy as a whole.

A serious threat to democracy

MR. ARTHUR SCARGILL, the President of the Yorkshire miners, issued a warning on Wednesday to five Labour MPs who are said to be "sponsored" by the Yorkshire branch, that they must either support the policies of the National Union of Mineworkers or cease to be sponsored by the Union. This warning has understandably aroused the attention of other MPs and was referred yesterday to the Speaker to determine whether or not it constitutes a breach of Parliamentary privilege. Without in any way prejudging the Speaker's ruling on this particular aspect of the matter, we feel bound to underline its importance for the future of Parliamentary democracy.

Deep split

It is not, of course, a new issue: Edmund Burke had some well-known comments to make upon it in his own case some years ago. In more recent years, however, it has tended to crop up most often in relation to Labour MPs who have been judged by a sponsoring trade union or by their local Party executive to be supporting ideas which run counter to union policy or to a particular local version of what Party policy should be.

Certain side-arguments have already been raised—whether MPs are sponsored by a particular branch of the NUM or by the NUM as a whole, for example, and whether the National Executive of the Labour Party (which hears appeals from sitting MPs whom local constituency parties wish to replace) is likely to refuse its support to any MP who becomes unpopular for supporting Government policy. These, though clearly of some practical importance, are quite irrelevant to the basic point of principle at stake. This point, quite simply, is that a Member of Parliament, once elected, has an overriding duty not to any sectional body which helped to secure his election or which provides him with financial support but to his constituents as a whole (regardless of party) in the first place and to the country as a whole (whose best interests he must seek to judge as an individual) in the second.

There has been a good deal of fuss made recently about the disclosure by MPs of their financial interests. But there is more than one kind of undesirable pressure on members with which the general public as well as the House itself should be concerned. Financial support from any particular source may be against the public interest if it weakens a member's ability to speak his mind openly. Support from a constituency party may be undesirable if it is conditional upon a member always supporting the views of that particular party.

There is no need to enter here into the wider question, important though it is, of a possible conflict between the views of a particular member and the policy of the party to which he belongs. There is little doubt that the subordination of individual opinion to majority feeling inside a party is sometimes carried too far—and that Parliament would be a more lively organisation if party managers were more willing to allow a free vote on issues not essential to the survival of a particular Government. There is equally little doubt that the general public tends to over-estimate the advantages to be gained from coalition: the interest of the country is rarely as simple or unquestionable as those who regard themselves as men of good will would like it to be.

Privilege

But the attack which has been mounted on Mr. Reg Prentice by his local executive committee, for example, for speaking out in favour of moderation between the parties in face of our grave economic situation, and the threat that has now been issued by Mr. Scarfill to "sponsored" MPs, are clearly opposed to Parliamentary democracy in its present form. Questions of Parliamentary privilege apart—for it is doubtful whether the mass of the electorate are much concerned about privilege as such—both must be firmly resisted if democracy of the sort traditionally practised in this country is not to be seriously damaged.

Kevin Rafferty analyses Mrs. Gandhi's complex motivation in assuming near-dictatorial power

India's state of emergency —for democracy

PRESIDENT Fakhruddin Ali Ahmed yesterday declared another State of Emergency in India, practically giving dictatorial powers to Mrs. Indira Gandhi, the Prime Minister. India was already living under a State of Emergency against external threat: now Mrs. Gandhi has collected complete powers against an internal threat. An unknown number of opposition and even Government MPs have been arrested and total Press censorship applied.

In so doing Mrs. Gandhi has put Indian democracy on a slippery slope, from which it will be difficult to recover.

With hindsight, the emergency seems the logical if not the inevitable, conclusion of the course Mrs. Gandhi has been steering. In recent months India's economy has continued to decline and Mrs. Gandhi's own position has been reeling because of falling personal popularity, a determined and growing attack by the combined opposition and the threat of being removed from office and politics completely by a court action.

In the best tradition of Indian democracy Mrs. Gandhi could have let things ride. She could have waited and accepted with good grace the verdict of the Supreme Court on her appeal against conviction and dismissal from office for corrupt electoral practices. She could then have gone on, or handed over to a successor if she was disqualified, to face the electorate next year and seek a fresh mandate from the Indian people.

Unprecedented event

This may still happen, but judging by the number and the range of people arrested, it rather looks as if Mrs. Gandhi sees such a sweeping movement to undermine her that the emergency will outweigh everything else and may go on for some time. It is certainly unprecedented in the history of independent India. There have been emergencies against external threats before, in the wars with China and Pakistan. There has been imposition of central rule before on individual troublesome states. West Bengal and Bihar in particular have had such chequered histories. But there has never been anything on such a national scale involving the arrest of hundreds of prominent figures and the silencing of the press.

Yet this kind of action is in some ways in character with Mrs. Gandhi and her Congress Party. The Nehru-Gandhi family has ruled India right from Independence to the present day apart from the brief interregnum in which Lal Bahadur Shastri was Prime Minister. Some observers speak of the ruling dynasty or of its "divine right to rule."

But Mrs. Gandhi's position is rather different from that of her father. Mr. Nehru ruled and was venerated because of his special role and leadership in the struggle for independence. But even he had to allow for other personalities like Sardar Patel and the State bosses of the Congress Party who came to enjoy quite considerable local powers.

When Mrs. Gandhi took over as Prime Minister in 1966 she got the job precisely because she looked a weak figure. The so-called Syndicate of local Congress Party bosses were looking for someone who would appeal to the mass electorate and yet who would be pliable enough to obey their instructions. Mrs. Gandhi looked fresh-faced and a refreshing change from the wheeling and dealing old men who were the other candidates: she had little experience of political in-fighting or an independent base.

Intolerant of opposition

Perhaps because she had to fight so hard for her position, or perhaps because of her proud Kashmiri and Brahmin (the highest Indian caste) background, Mrs. Gandhi has grown increasingly intolerant of opposition. She started first on the old bosses who had put her in power. Back in 1969 she opposed the official party candidate for President of India. Having got her own, less colourful, figure elected President, Mrs. Gandhi then forced a split in the Congress Party to oust the Syndicate bosses.

She clung to office for two years with the help of the Moscow-aligned Communists. Then in 1971, following a good harvest and brandishing the slogan "Garibi hatao (abolish poverty)," she won a smashing electoral victory. By the end of that year India had defeated and split Pakistan in two and established what was widely seen as a client State on its eastern doorstep. Mrs. Gandhi was popularly acclaimed and was virtually Empress of All India.

In spite of this her main preoccupation was still with opposition against her. Mr. Y. B. Chavan, then Home Minister and a powerful figure in Maharastra, was spoken of as a potential rival—so she dished him neatly by removing him to the Ministry of Finance, although it was commonly admitted that he knew virtually nothing about financial affairs and India, saddled with the costs of the war and caring for millions of Bangladesh refugees, was in its biggest-ever economic mess.


Increasingly intolerant of opposition, Mrs. Gandhi has a proud Kashmiri and Brahmin (the highest Indian caste) background. But she had to fight hard for her position.

She cut what in terms of political management was a splendid swathe through the Indian states, replacing chief ministers who were not ultra-loyal to her. Frequently an individual State lunged from one crisis to another as Mrs. Gandhi found that the minister she had originally selected was not loyal enough. Sometimes she had to remove a chief minister because he was more than usually incompetent. She has been rather good at political butchery.

It is clear also that the Indian Prime Minister became increasingly intolerant even of dissent All India Radio, the national broadcasting network, has become popularly known as All Indira Radio. Mrs. Gandhi waged a campaign against the Press barons whom she said were out to destroy her and prevent her from tackling India's problems, though in fact at least two of the newspapers in the capital are staunchly behind her. She has a tendency to think that anyone who opposes or questions her view is aiming at subversion. It is an aspect of her haughty Kashmiri and Brahmin view of life and of her role, and has emerged several times recently.

During the Bangladesh struggle Mrs. Gandhi was questioned by a BBC reporter about the claims of several experts that Indian troops had crossed into the then East Pakistan to assist the local Bengali freedom fighters. She sullenly denied the charge but clearly resented that she the Prime Minister of India should be pressed so fiercely and cross-questioned. As she came off the air Mrs. Gandhi almost hissed in the reporter's face that "you British will never understand us Indians."

One of the papers loyal to Mrs. Gandhi recently expressed quite well the claim that the Prime Minister is someone special. Commenting on her High Court conviction for corrupt election practices it said: "There is a higher court than the high courts, and Indira Gandhi is not a mere Prime Minister. She represents causes and issues which shape history, and she has always wanted to be nearer to history than to office."

Indeed, Mrs. Gandhi shares the view that she has a prophetic role. She said of her childhood: "All my games were political games. I was like Joan of Arc, perpetually being burned at the stake." It was a theme she returned to in her broadcast justifying the emergency: "I am sure you are all conscious of the deep and widespread conspiracy which has been brewing ever since I began introducing certain progressive measures of benefit to the common man and woman of India. In the name of democracy, it has been sought to negate the very functioning of democracy. Duly elected governments have not been allowed to function . . . All manner of false allegations have been hurled at me. The Indian people have known me since my childhood. All my life has been in the service of our people. This is not a personal matter. It is not important whether I remain Prime Minister or not. However, the institution of the Prime Minister is important and the political attempt to denigrate it is not in the interests of democracy or of the nation."

Opponents arrested

As to Mrs. Gandhi's charges of conspiracy, she has so far produced little evidence; and had such a large number and broad cross-section of opponents arrested as to make that claim at first sight doubtful. Because of the news clampdown, the exact numbers of those arrested are not known but latest reports put the figure at 676. They include the extreme left and the extreme right, at least one newspaper editor and the young turks of Mrs. Gandhi's own party.

She also accused her opponents of preventing her from getting on with the programme of abolishing poverty and establishing socialism. Any serious assessment of this must include Mrs. Gandhi's own pre-occupation with politicking which has distracted her attention and absorbed her energy. It must also take account of the fact that Mrs. Gandhi has done virtually nothing to alter the basis of the Congress Party which still depends on big business houses for its election funds and the bosses of which are still considerable representatives of the landowners and other vested interests. All this lessens the seriousness of the Congress Party's professed concern for socialism. It also leads to sympathy for Jayaprakash Narayan and Moraji Desai, two of the arrested leaders of the anti-corruption campaign. Both are extremely idiosyncratic not to say cantankerous old men, but with a reputation for upright dealings.

Popularity waning

The more interesting question is whether Mrs. Gandhi can in any sense "win" her struggle. If she is thinking hard about returning to full parliamentary democracy with the freedom of the press, she will have a tough struggle. Her popularity has been clearly waning fast. India has no reliable opinion polls, but the mass-circulation Illustrated Weekly of India recently held a poll to discover the "most outstanding Indian of the year." Mrs. Gandhi came second to Jayaprakash Narayan. She convincingly lost the important Gujarat elections, had a court conviction hanging over her, with a still declining economy and general elections only months away.

If she wants to win a general election—provided that it is free—early next year, she will have to produce some evidence and make her charges stick against the alleged conspirators. If she plans to continue with her clampdown she probably has a better chance.

The potential centres of opposition are the official Opposition, now leaderless; the Chief Ministers of the States—all except Tamil Nadu and Gujarat ultra-loyal to her and those two could be put under President's rule; the army—which has never played a political role and whose commands are deliberately split to prevent a coup; and the civil srevice—probably too disparate to organise an opposition quickly. It is also interesting that in the past few weeks Mrs. Gandhi has been busy reorganising and shifting important figures in the Home Ministry, intelligence and police services. But if she does continue with the clampdown, it may spell the end of the democratic system in India.

The Generals will obey: Page 5

MEN AND MATTERS

Banks completes a trio

It should be third time lucky for Sir Maurice Banks, who has tried to retire twice before. He leaves the chairmanship of the Laird Group on Monday, thus completing a career which began with his joining BP, when it was still called Anglo-Persian Oil, in 1924. The happy thing is that his last role, at Laird, was perhaps the most dramatically successful. The one aggravation he takes with him is the thought of Laird's shiprepairing subsidiary being nationalised.

"Nothing ideological," says Banks of his objections, though he admits to feeling "a bit sick" at seeing something which his team has saved from collapse and brought into profit being taken away from them. It is a matter of management. Laird having once before suffered from its shipbuilding (now managed and half-owned by the Government) being linked to the repairing side.

That, Banks says, is like British Leyland owning service garages. Shiprepairers "cannot be successful unless they maintain a flexibility and speed of operation which is wholly incompatible with a unified and central control." This he thinks, applies significantly at union level, became a flexibility of crafts is accepted in repairing where people never know in what shape a ship will come in, against shipbuilding where all demarcations can be settled on the drawing board.

But shiprepairing, plus the aviation interests, contributed less than a quarter to Laird's profits last year, so Banks can still leave a group in decidedly better shape, notably in its cash position, than when he arrived in 1970. At that point it was all but bust. Its revival is arguably the best achievement of the last Labour Government's Industrial Reorganisation Corporation, the Conservatives' abandoning of which Banks calls "a grave mistake."

It was the IRC's chairman, Sir Joseph Lockwood, who put together the perhaps unlikely combination of Banks and John Gardiner, one of the IRC team called into the ailing Cammell-Laird, to save the group as chairman and chief executive. They are 35 years apart in age, but, having sacked almost all the old Board, they formed the new management style, with a small central team, which has worked so well. Not surprisingly, each thinks highly of the other.

Banks, at nearly 74, is now set on playing some golf and visiting his daughters in the U.S. Mind you, he was meant to be out to grass at 65, having retired as a deputy chairman and managing director of BP. What caught him a few months later was chairing, for three years, the Committee on the Patents System and Patents Law which produced a massive report with 120 detail recommendations. So from BP to a government committee, to an IRC-inspired reconstruction job has produced a most unusual trek through the private and public sectors.

BP's Royal observer

Prince Charles yesterday attended the BP Board meeting. This is not yet another complication in the "Who Governs Britain?" saga.

The Royal presence was simply the result of Prince Charles having met Sir Eric Drake and saying he would like to hear how a Board ran its discussions and made its decisions. So Drake invited him along and Prince Charles stayed for lunch and the Board meeting at Britannic House.

Unfortunately for precedent lovers, Tom Jackson, the Postmen's leader recently appointed a Government representative on the BP Board, could not be there yesterday.

Close

Rentokil Group announced this story officially yesterday, so the company must be proud of it in some way. Callers mis-dialling by one digit Rentokil Exterminating Company Inc in New York get the FBI. Both can deal with bugs, I suppose.

Beecham going public

Frederick Beecham, chief investment manager of the Public Trustee Office, sounded distinctly jaunty yesterday about going into public print on the subject of Coats Patons' passed dividend. Even in these days of participation and so forth, the imposingly official title of his department of the civil service looks a little out of place at the foot of a letter to the papers.

"Yes, it is rare," said 45-year-old Beecham (a steady riser through the Office since he joined in 1948). "It depends on the strength of the case. But as a question of policy we are ready to do this."

His letter criticises Coats' Board decision to issue shares instead of paying out a cash dividend, pointing out that the scrip counts legally as capital and cannot be sold for the benefit of income beneficiaries. Institutions may stand to suffer, as the strength of protest so far underlines, but trust income beneficiaries may regard Coats' detailed promises on future dividends "as an admission or error without full amends."

Are trust beneficiaries generally considered important when it comes to board decisions on dividends? Almost certainly not in most cases, Beecham thought.

To become eligible as a trust investment a company must have a capital of at least £1m., and have five consecutive years of dividend-paying behind it.

Quite a Biblical turn of phrase comes on Beecham when he talks about the Coats' case: "You could call it good husbandry on their part. It is a bad thing to eat your seedcorn, but better to do that than to starve."

Copying an example set by New Zealand in 1887, the British Public Trustee Office was started soon after the turn of the century, a part of Edwardian social reform aimed at banishing the prospect of rascally uncles making off with innocent young relatives' fortunes, suggested Beecham. However, the last Conservative Government reckoned on phasing the Office out, leaving private enterprise to take care of private trusts. Labour has reprieved the Office, which currently administers £150m., and Beecham said a new advertising campaign, after two years' silence, is under discussion.

Yuk

The latest items of junk mail sent to Americans from computerised address lists are dog clothing brochures for householders' dogs. The sales letter enclosed begins: "Dear Doggie Pal."

Observer

FINANCIAL TIMES SURVEY

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CHICAGO

Chicago is one of the biggest wheels in the U.S. economy, a huge centre for manufacturing, distribution and other services. The recession has inevitably slowed its momentum but has not impaired the basic self-confidence of its citizens.

A city that works

By Adrian Dicks

AMERICA HAS started celebrating its bicentenary as an independent nation in a sombre mood this year. The economy is in the deepest recession since the 1930s, with unemployment already running at levels far higher than most Americans now alive have ever seen before. It is expected to rise higher still before the end of this year, and to stay well above the rates commonly regarded as acceptable for much of the rest of this decade. At the same time the end of the war in South-east Asia (or at least of U.S. claims to a leading role in determining the course of events there) has shaken the national self-confidence like nothing else in its history. America is no longer a country that assumes it has all the answers; instead, it seems to be absorbed in a process of deep and sometimes painful self-examination.

Tallest

There are few better vantage points than Chicago to see what is going on in America to-day. That is true both literally—the city possesses the world's tallest building, the 1,4[illegible]-foot Sears Tower, and two others barely a head shorter—and metaphorically. For Chicago, often described as the most American of all American cities, not only displays plenty of the doubt, introspection and uncertainty to be seen elsewhere in the country. It also offers a timely reminder of how America sets about the business of living when it is in more optimistic mood—building, improving, getting on with the job in hand, restless in its constant search for new ways to grow and to expand.

Chicago to-day has become the hub of the U.S. It is at the very centre of the country's transportation network, a role that it has had since the earliest beginnings of agriculture in the Mid-West in the mid-19th century established the need for a port, market place and supply centre. The grain trade itself is now less predominant than it used to be, with much of the export traffic passing instead through the Gulf ports. But the opening of the St. Lawrence Seaway ensured that Chicago, strategically placed between the Great Lakes and the vast inland waterway system of the Mississippi and its tributaries, retained its importance as an international trading centre.

Still more important is the city's role in the railway system of the North American continent, where it remains the single most heavily used transfer point, linking lines from north to south and from east to west. In more recent years the completion of most of the U.S. Interstate highway system has added road transport to the long list of "firsts" which Chicago can claim. The continued growth of domestic air traffic has reinforced the primacy of O'Hare Field as the world's busiest airport and made certain that, whatever the competition offered by such new interchange points as Dallas/Fort Worth or Kansas City, Chicago will remain for a long while the city to beat.

But the city thrives to-day not only as a crossroads for the U.S. It has made itself no less important as a centre of manufacturing, processing, buying and selling, banking, insurance . . . the list is almost endless. Forty per cent. of the country's manufacturing industry lies within a 500-mile radius of Chicago, and though that definition includes, for example, such places as Detroit which would fiercely resist the suggestion that they were in any sense dependent upon Chicago, it serves to show how the industrial centre of gravity of the country has shifted towards the Mid-West.

In a closer and perhaps more accurate definition of Chicago's economic importance — the standard metropolitan area — the city's 8m. people produce between them an astounding range of goods and services. From musical instruments to steel, the range of products in which Chicago leads the U.S. is a long and still growing one. Yet the city's economic strength lies no less in the fact that no single industry accounts for more than 10 per cent. of its activity. The current recession has not, of course, spared Chicago any more than other areas, and some sectors such as consumer durables, car parts and, latterly, steel production, have been hit hard. Overall unemployment has not, however, risen significantly higher than the national average.

Once the U.S. economy begins to show more positive signs of recovery from the current recession—as most observers believe it will during the second half of this year — the diversity of the Chicago region should once again stand it in good stead. An upswing in demand either for consumer durables, such as television sets or refrigerators, or even for the vast miscellany of smaller and less visible items from which the city makes its livelihood, would be quickly felt.

What is already striking, however, is the fundamental self-confidence with which Chicago regards the future. Its resourcefulness and enterprise remain strong at a time when the business ethic is under heavy criticism in America. Chicago is a city where making money is taken very seriously indeed. Not, of course, that it thereby excludes other interests. For Chicago is also one of the very few American cities with an incontestable claim to world rank as a centre of artistic, cultural and intellectual life. The Chicago Symphony Orchestra, the Art Institute and the vast and still increasing architectural endowment founded by Louis Sullivan and Frank Lloyd Wright, all attest to the extraordinarily high standards of achievement Chicago can reach when it has a mind to. The University of Chicago, one of the outstanding centres of teaching and scholarship in the world, is the doyen of a group of institutions that also includes such distinguished members as Northwestern University and the new Circle Campus of the University of Illinois.

Beyond these outstanding features of its cultural and intellectual life is the infinite variety of people and activities that adds up to a great metropolis. For the rest of America—and indeed the world—the cinema's recent gaudy re-creation of the Chicago of the gangster years and Prohibition is one obvious facet. Mayor Daley's enduring machine politics, the object of both mistrust and fascination among Democrats elsewhere, is another side to the city's personality. Against it must be set the fiercely determined tradition of Chicago reformers to improve social conditions and to work for racial justice: the Rev. Jesse Jackson's PUSH movement (People United to Save Humanity) is only the most visible of many groups who want to see the fruits of Chicago's immense wealth enjoyed more widely by its citizens.

To put one's finger on a single personality for so vast and diverse a city would be an impossible task, though some of Chicago's native writers, such as Nelson Algren, Saul Bellow and Studs Terkel, have succeeded in conveying much of its robust, self-confident flavour. What almost everyone who cares about Chicago can agree, however (and that includes most of the people who live there) is that it does remain to a greater extent than most American cities intact and viable. It has not escaped the corrosive combination of a shrinking tax base, white middle-class migration to the suburbs and the slow decay of the inner city that has done so much damage to New York, Detroit or Cleveland. But the process has not gone nearly so far in Chicago, and the city is united on the need (if not on the means) to stop it going any further.

Typically, Chicago is launching the biggest and most comprehensive scheme of inner city renewal proposed anywhere in the U.S. in order to reverse the flight from the centre that has been the essential feature of American city growth in the past quarter-century. If the Chicago 21 project works—and there is much reason to believe that history is on its side—its supporters in City Hall and in the business community will have proved that with careful planning, money and above all determination, the traditional city can be saved from the vicious circle of debt and poverty that has trapped New York this year.

Controversy

Mayor Daley, though he remains a figure of controversy in Chicago no less than outside it, is by common consent given the major credit for keeping Chicago a "city that works." In his two decades of office, the Mayor has been responsible for a staggering amount of new building for highways, public housing and public services. And he has had much to do, too, with creating the climate in which Chicago could flourish as a centre for business, banking and industry.

That is not to say that the record has been a wholly successful one. Chicago's educational system is in a grave state of disarray. Its vast public housing programmes, intended to ease the problems of the millions of mainly black Chicagoans living in slum conditions, have seemingly done little to ease crime or increase family stability. The system of neighbourhoods which grew up with the city's rise during the last century continues to be eroded. And in recent years the Mayor has appeared to make several false moves. In 1973 he suggested a tax on the huge volume of dealings on the commodity and stock exchanges, only to withdraw after the exchanges' leaders threatened to move elsewhere. More recently, he has imposed a head tax of $3 a month on employees, which has hardly helped the drive to create new jobs in the inner city.

Yet Chicago is financially in relatively good shape, with its cherished A-rating in the bond market intact, even while other cities are staring bankruptcy in the eye. Mr. Daley has known how to squeeze the last dollar out of Washington and out of the State of Illinois to help meet his city's bills.

Much will now depend on how the Mayor uses his almost unequalled powers as he enters his sixth four-year term. There will be intense interest in any plans he appears to be making for his succession. For Chicago's relative health and vigour will need to be nurtured and encouraged carefully if even this strongest of American cities is to meet its potential to the full.

One-man politics

LAST May 15, anyone travelling from O'Hare airport into central Chicago along the John F. Kennedy Expressway could hardly have failed to notice a roadside hoarding shaped like a pair of vast, pink lips. The Magikist company, advertising its line of cosmetics to the world, had also installed a large digital-display board. The message it was flashing that day, however, was not a slogan, but the words "Happy Birthday, Mayor Daley." Far away on the south side of the city, near the Irish neighbourhood where the Mayor of Chicago has lived all his life, restaurants advertise themselves as being "only a block from the Mayor's birthplace."

Tasteless, quaint or touching as such stuff may seem, it illustrates the degree to which Chicago politics in 1975 remains dominated, as it has been in each of the past 20 years, by one man. Richard J. Daley was 73 on his last birthday, and he had just been re-elected for an unprecedented sixth four-year term. At the tail-end of a two-year chain of scandals, touching many of his allies, and only six months after he had recovered from a stroke, he had proved once again to be politically indestructible. At a time when many cities in America are in deep trouble, the voters of Chicago, prompted as always by the myriad voices of the Democratic Party Machine, turned once more for reassurance to the man who gladly takes the credit for making this a "city that works."

Mayor Richard J. Daley, who has just been elected for his sixth four-year term of office.

Yet this year's election victory was not quite the same as on previous occasions. The Machine itself showed signs of age, and of having a little more trouble than before getting the vote out. In the Democratic primary which provided the real test of Mayor Daley's popularity, his liberal opponent, Mr William Singer, managed to get 29 per cent. of the vote to the Mayor's 58 per cent. And in neither the primary nor the general election did Mr. Daley have the customary endorsement of the Chicago Press — a slight he is unlikely to forgive in a hurry.

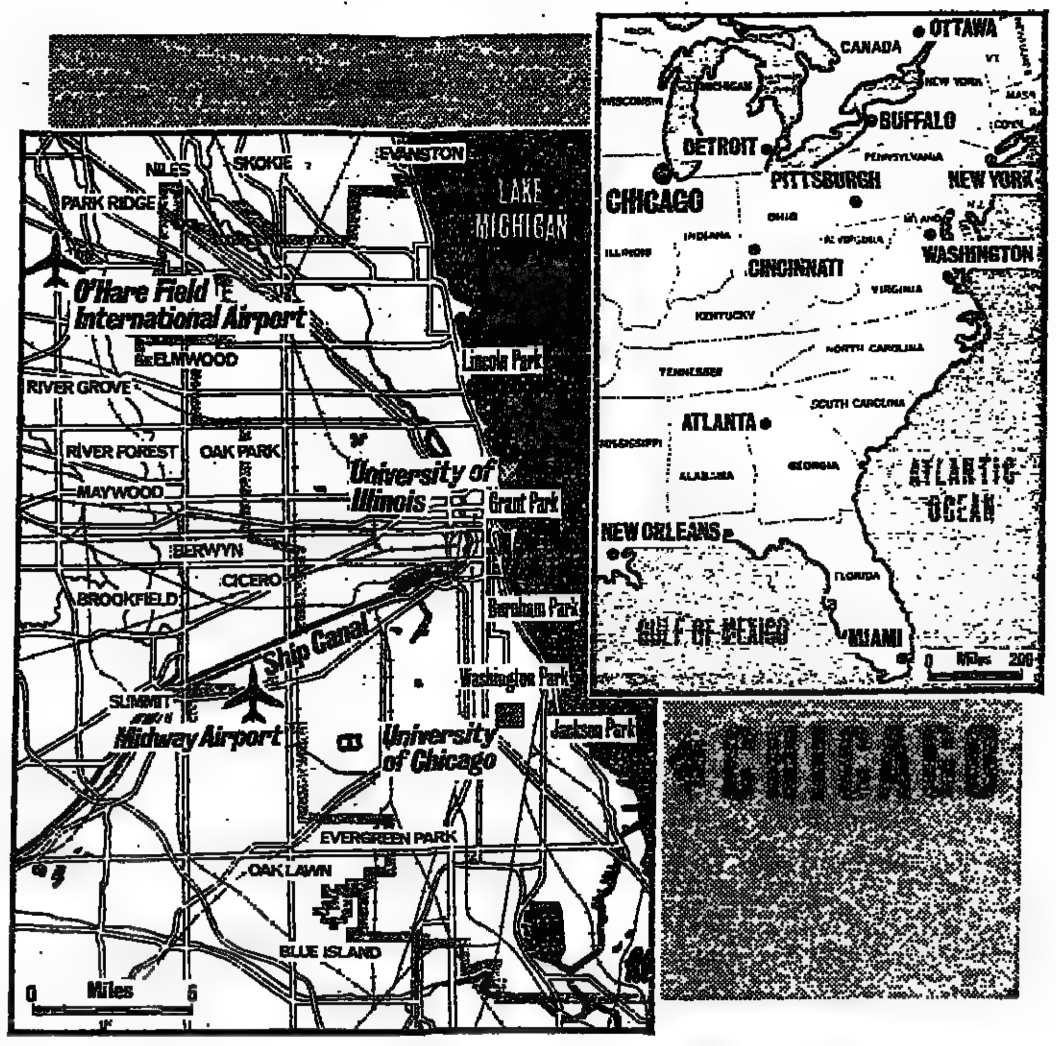
Since his return to City Hall in April, the Mayor has also been accused of neglecting pressing problems in favour of pursuing old political vendettas. He has spent a good deal of time deploying his powers of patronage in the Illinois State Legislature to get the Chicago Congressional district lines redrawn, in an attempt to ensure that his Cook County Democratic Party would control two more seats. The losers would be two liberal Congressmen who also declined to give the Mayor their support in the election campaign. He has also taken steps to prevent the return of Mr. Singer to the City Council seat he held before running as a mayoral candidate, and is reported to be determined to take further steps to crush the independent Democratic faction that supported his opponent.

Chicago politics has rarely been a gentlemanly affair, however, and what has perhaps distinguished Mayor Daley most from his predecessors has been his perfection of the Machine to serve his purposes. As chairman of the Cook County Democratic Party in addition to being Mayor, he has made it into an enormous patronage organisation. Local precinct leaders of the Party are the most important men in the chain, settling grievances, using their influence to get results from city services, and delivering jobs for people in their neighbourhoods in exchange for support at the polls. Over the years Mayor Daley has used this system to fill almost every one of the tens of thousands of jobs in the Chicago and suburban Cook County governments with people who are thus beholden to him, and who can be depended upon to do their bit on election day.

There are good historical reasons why Machine politics first flourished in cities like Chicago, where the watertight immigrant communities of the late 19th and early 20th centuries had little experience of the electoral process, and thus tended to turn to leaders and power-brokers of their own nationality to settle their problems with municipal governments. At its most efficient, a Machine can still function as an invaluable channel of opinion, up and down, on the issues of the day. And it can get things done.

Patronage

Mayor Daley has got many things done in this two decades at the top of this vast pyramid of patronage, building expressways, water treatment and sewage systems, the huge O'Hare Field airport, and a vast public housing programme. He has also proved skilful at getting much of this paid for either by the Federal Government or by the State of Illinois: perhaps his proudest achievement of all is to have maintained Chicago's A-1 bond rating at a moment when New York is to all intents and purposes bankrupt.



In the national political arena, where Daley played a leading part in Democratic presidential convention bargaining earlier in his career, his reputation has still to recover fully from the traumatic experience of the 1968 gathering in Chicago, where the Mayor ordered savage police action against anti-war demonstrators, and from the humiliation of the 1972 convention, where Alderman Singer and his supporters got the Daley-picked Illinois delegation unseated. Next year, however, may see him make a comeback as a party king-maker. If the present crowded field of presidential hopefuls leads to a "brokered" selection. Mayor Daley showed his face at the Democrats' mid-term mini-convention in Kansas City last December, and received a surprising warm welcome from the largely liberal delegates, when he went out of his way to appeal for an end to the party's bitter divisions of recent years.

While no one doubts the Mayor's capacity to use power and to tighten his grip on it still further, there are grave doubts among many Chicagoans who have supported him in the past about whether he now has enough flexibility in two important areas to do the right thing for his city. The first, and perhaps most pressing, question is whether Mr. Daley is the man to recognise and meet the human problems of Chicago, and especially the question of relations between whites and blacks which, as in other American cities, are never far below the surface. In the school system, where the Mayor came under some of the heaviest attack of his career from Mr. Singer during the recent campaign, there is disturbing evidence of rigidity and falling educational standards, while little has been done to overcome the problem of racial segregation.

Indeed, Chicago has often been called the most segregated large city outside the South, and the Mayor is given much of the credit by his critics for keeping things that way. Thus he has for six years refused up to \$60m. in Federal aid for housing (most of which would benefit black people), rather than comply with a court ruling that Chicago must build at least 75 per cent. of the next 1,500 such apartments in white neighbourhoods. Meanwhile, independent experts on the city's housing problem point out that the massive, uniform estates of publicly-provided flats in ghetto areas have in many cases failed to improve social conditions. According to Mr. Julian Levi, chairman of the City Planning Commission, there is a vacancy rate of 20 per cent. in Chicago public housing, which he believes is due to the relatively low income ceiling imposed on tenants—forcing anyone who prospers to move out—and on the unresolved problems of crime among those who remain.

No-one would claim that Chicago has any monopoly on the grim problems of social deprivation and urban deterioration, or that Mayor Daley's administration has neglected any obvious solution that might have been applied to them. What is held against him by his critics is that, unlike most other American municipal politicians, he does wield real power which he has been reluctant to apply to problems. As the charge is often expressed, he has spent too much of his time on bricks and mortar for the sake of pleasing the business community and the city's construction unions.

Promising

But the second major question to which Chicago is beginning to pay more attention is whether the Mayor has thought enough about the purely political future. Several dozen promising young men over the years have been singled out as potential heirs to his throne, yet none has apparently survived long enough to be groomed to take over when Mayor Daley is no longer on the scene. It would be ironic indeed if Mayor Daley's final bequest to Chicago turned out to be a power vacuum in City Hall.

A.D.

Banks' new prominence

CHICAGO HAS made itself within the past few years into an international banking centre second only to New York among American cities in the range of services it offers to customers, and probably now well ahead of older centres such as San Francisco or Philadelphia. The city's banks, which include several of the largest and most vigorous institutions in the world, began their own expansion overseas in the late 1950s, in common with many other American banks. They are now to be found installed in every continent, engaged in every facet of international banking activity—though it is still fair to say that London remains the most important single focus of their overseas activity. Chicagoans have made themselves prominent in the Euro-currency markets, in international medium-term financing and in the growth of international trade and investment.

Since October 1, 1973, Chicago banks have been joined on their home turf by a growing number of foreign banks. By last month, some two dozen foreign banks had established themselves in the Loop, taking advantage of the change in the Illinois State banking code which permitted them for the first time to open branches rather than representative offices. The change was one that Chicago bankers had long sought to bring about, and they have given a warm welcome to the foreign institutions, with whom they had in many cases already enjoyed close business relations for some years before the change in their status was finally approved.

The foreign banks have set up their branches in different ways and for different purposes—though all are limited to one address which must be within the traditional downtown financial district. Some of the foreign banks have come to the mid-west in the wake of their major corporate customers, while others have identified the rapidly growing Chicago metropolitan area, with its vast hinterland, as a prime prospect for developing new business, with many opportunities to put their world-wide contacts and expertise to profitable use. Others again have set out to serve the needs of large communities in Chicago of immigrants from their own home countries. Thus far, all of them appear to be thriving, and the Illinois Commissioner of Banks and Trust Companies is said still to have a steady stream of additional applications to consider from foreign banks anxious to get a foothold.

Active

One consequence of the foreign banks' arrival has already been to give Chicago the basis for the first time for an active foreign exchange market of its own. As yet this is a development still in its early stages. A relative scarcity of qualified foreign exchange dealers, coupled with the traditional primacy of New York in international finance, has tended to slow down somewhat the take-off of the market, though its long-term prospects seem assured. For Chicago has traditionally served as the financial metropolis not only for smaller banks within its natural geographical hinterland, but throughout the U.S. As overseas trade and investment interest in the U.S. increases, it seems clear that there will be plenty of scope for an enhanced foreign exchange role for major centres outside Manhattan.

Meanwhile, most of the foreign banks, report satisfactory results to date from their newly established branches, and this despite the high cost of setting up, establishing staffs and renting accommodation which, by the terms of the state statute, must be in the most expensive few blocks of downtown Chicago.

For Chicago bankers, the slowdown in the national economy has not, at least to date, brought any serious concern on the subject of their own profitability. The past year has been for most a profitable one, in spite of the difficulties which have beset the banking business in the U.S. — and indeed the rest of the world. Chicago bankers, in common with their colleagues elsewhere, were profoundly shaken by the failures of the Herstatt bank in Germany, to say nothing of the Franklin National Bank of New York — the event which has, perhaps, caused the most profound process of self-examination by the American banking industry in a generation.

Salutary

Both incidents have also provoked, understandably, a good deal of wisdom-with-hindsight. Some Chicago bankers can claim to have felt uncomfortable about Herstatt, in particular, well before the bank's difficulties became public knowledge. Others did not manage to escape entirely unscathed from the foreign exchange problems of the German house. All can now agree, however, that the Herstatt affair has had its salutary effects for the international banking business, forcing on the foreign exchange and Euro-money markets a badly-needed degree of caution and discipline, from which they are already emerging stronger.

While the Herstatt affair caused American banks to tighten their precautions in doing business abroad, the aftermath of the Franklin collapse was felt much closer to home. While it is clear that the more extravagant fears for the stability of the U.S. banking system were greatly exaggerated, there can be little doubt that the industry has emerged more stable for the rigorous scrutiny that has been made of every area of business and of virtually every commitment. Chicago bankers, like those elsewhere in the U.S., have set up machinery to keep a constant eye on the management of their assets and on the cost of every transaction they undertake.

At the height of the Franklin affair, there was some concern outside Chicago that its banks might find themselves especially hard-pressed because of their heavier dependence on purchased funds — a fact that in turn reflects the difficulty they have always had in broadening their retail deposit base while limited by law to a single place of business. This concern, however, was never shared by Chicago bankers themselves. Nor was it taken seriously by Federal Reserve officials whose function it is to keep bank asset structures under review. Both make the point that hard and fast guidelines, applicable to the widely differing legislative conditions of the 50 states, are almost certainly an illusory goal of those who seek to prevent any recurrence of the Franklin case. In any event, the big Chicago banks have withstood the recent testing time for the American banking system as soundly as any.

For all that, the constraints of the Illinois banking code remain a handicap. The Chicago banks' efforts to repeal the ban on branch operations have become virtually an annual event, with confident predictions each time the issue comes before the Illinois State Legislature in Springfield that they would win the day. So far, this has not been the case, and the political clout which the more numerous small banks of the state have been able to wield has allowed them to confine such giants of the industry as First National Bank of Chicago, Continental Illinois, Northern Trust or Harris to a single place of business. Various offers of compromise by the bigger banks, or of a branching process spread out over many years, have failed to make any headway.

In some respects, the Chicago consumer/bank customer is the victim of this in having relatively little "freedom of choice" unless he happens to work downtown. In other respects he is the beneficiary, enjoying unusually long banking hours, almost invariably courteous service and an increasing range of ancillary attractions to keep him loyal. Chicago banks continue to work hard to expand their base of personal accounts, crowded though the immediate catchment area of the Loop now is with competitors. Spurred by an increasing rate of saving — seen by many as a normal consequence of the recession— Chicago bankers are still actively seeking new accounts. Imaginative publicity schemes offer everything from pot-plants to refrigerators to the depositor.

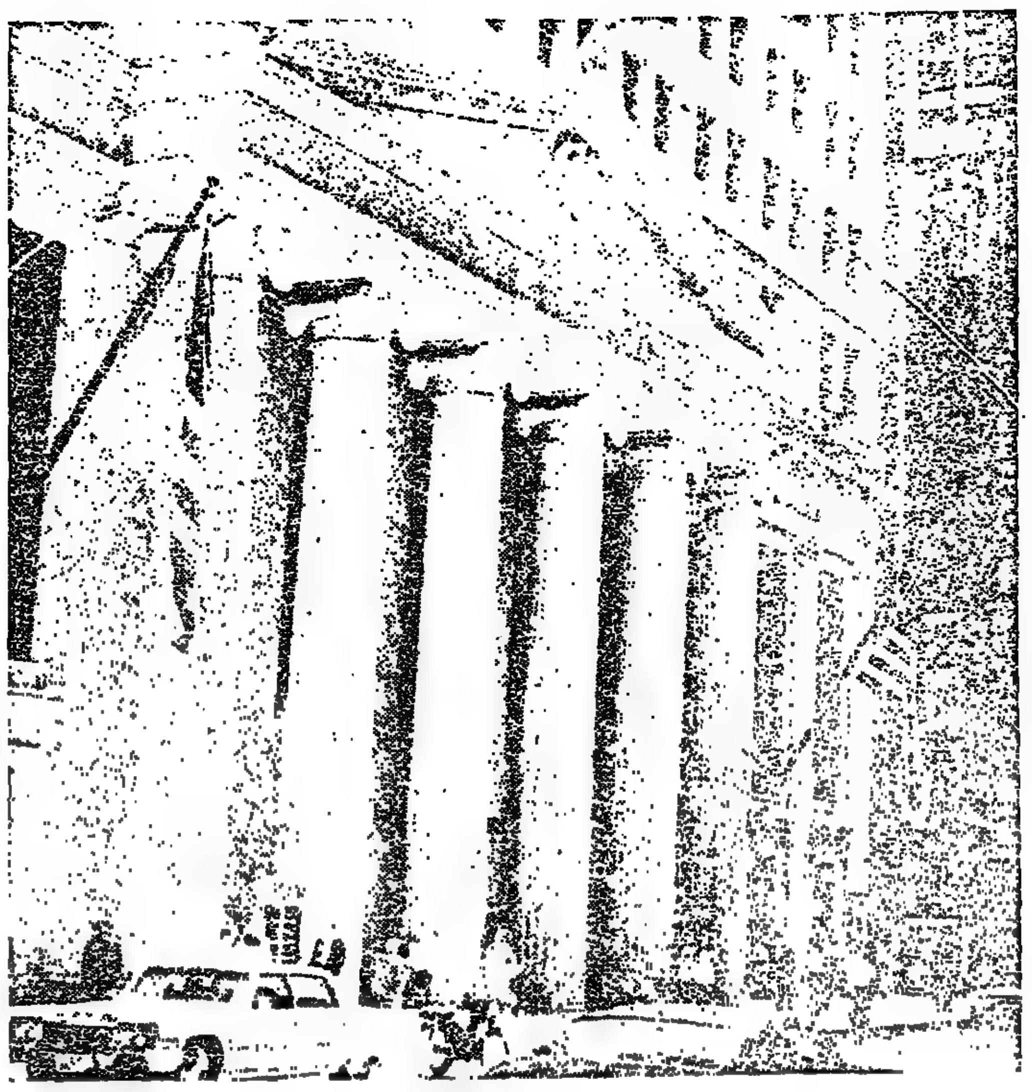
Impasse

In the next few months, however, a new element is to be introduced into the Chicago banking scene that may finally break the branching impasse— the establishment by several of the leading institutions of sophisticated automatic banking machines. These will be capable, in the first instance, of handling most standard operations for personal customers and, later, of much more complicated transactions. Continental Bank, which plans to open the first three of these customer-bank communication terminals (CBCT's) early next month appears ready to take the lead and is keen to see the machines' status brought as soon as possible to a test in the courts.

The present expectation is that this will come in the federal courts rather than in the Illinois state courts, and there are also a number of pending proposals for Congressional action to limit the scope to be allowed the CBCT's. Thus it remains to be seen whether they will be permitted to provide the full range of services of which they are capable, such as interstate transfers of funds under national credit-card auspices.

If the green light is given, many other Chicago banks will be ready to follow Continental's lead: First National and others already have "automatic tellers" installed in their banking halls and report favourable results. The way will be then open for their installation in supermarkets, suburban stations and many other prime spots. Although the prospect is one that the big banks may be quickest to exploit, the relatively low cost of the CBCT machines may, paradoxically, make it easier for smaller banks, such as those in the outskirts of Chicago, to compete downtown with the giants as well as allowing the latter to spread outwards at last from the Loop.

A. D.



The headquarters of Continental Illinois Bank and Trust Company.

The hub of commodity trading

MORE THAN any other city in the world, Chicago has made itself the centre of activity for trading in commodities futures—that fast-moving business, still little understood by outsiders that exerts decisive power over the cost of food on the table for people almost everywhere. During 1973 and 1974, as short supplies within the U.S. and low yields of food crops in other countries combined to drive prices through the ceiling, the Chicago commodity exchanges became for a time the very hub of the world's attention.

This year, as far as anyone can tell, 1974's unlucky combination of late rains, midsummer drought and early frost is unlikely to be repeated. The U.S. Department of Agriculture is gearing up for a year of bumper crops of the main grains and animal feedstuffs, and the prospect is one of relatively stable prices, with correspondingly less extreme concern that much of the world will go hungry. Unless weather conditions in the Mid-west are once again freakishly unfortunate, and projected harvests in other major food exporting countries also fall well below current expectations, the immediate pressure on supplies will be eased, and it may even be possible to take the first steps towards some form of international co-operation that will prevent the danger of extreme shortage, such as the world suffered last year.

For the Chicago markets, such a breathing space will be welcome. The context in which they have to live and operate has changed in a number of significant ways since prices first began their dizzy climb two years ago, and the commodity futures business has yet to draw the full consequences. Meanwhile, what it does have to contend with is the aftermath of a long period of high prices, in the form of wide public mistrust of its whole *raison d'etre*, and as a result, fresh political pressure.

On April 21, a new Federal watchdog came into being with the task of applying to the commodities business a strict set of regulations analogous to those that the Securities and Exchange Commission enforces on the Stock Market. Chicago brokers, through the elected officers and permanent officials of their exchanges, made strenuous representations to Congress to consider the technicalities and special needs of their business during the period that the new Commodity Futures Trading Commission was being designed. They had some success, and as a result, the official line of most exchange executives and senior traders is to offer the new watchdog a qualified welcome. Privately, many commodity dealers still resent bitterly the imposition of a whole new Federal Government bureaucracy on their affairs, and dispute hotly the unspoken premise that their business has been conducted in such a way in the past as to make tight regulation, in the name of the public interest, necessary.

Opinion

Whether it has or not remains to some extent a matter of opinion, though exchange officials can point to a relatively low rate of delinquency in the past, coupled with a record of swift and tough punishment of those individual dealers who have been caught in breach of the rules. Yet public mistrust of the futures business, reflected in Congressional determination to submit it to a new degree of scrutiny, did not come about irrationally. Experienced observers of the commodity business trace the beginnings of the bad image it has recently been saddled with back to the notorious Soviet wheat purchases of 1972. One of the consequences of this was to aggravate domestic shortages in the U.S. and to drive prices up—all for what many Americans regard as the very uncertain returns of political détente with Moscow.

Chicago commodity experts account for much of the turbulence which markets have experienced in the past two years by referring to the distortions in the wheat market which the Russian deal engendered. Coupled with the effects of the Nixon Administration's price freeze, and of last year's poor harvests, they argue that the volatility of futures markets, the recurrent waves of panic buying and the long periods of sustained high price levels should not appear, in retrospect, surprising. The American public, lost in the complexities, has tended instead to put the blame on the manipulations of shadowy speculators. The basic brief of the CFTC, not surprisingly, reflects this view.

Trading in progress on the floor of the Chicago Mercantile Exchange's International Money Market.

Although the new watchdog has not, in its first few weeks of existence, made startling or precipitate changes in the way the commodities markets operate, its actions have indicated a willingess to question some of the fundamental assumptions underlying their way of life. Thus it has called for "economic justification" of their existence, and for demonstration that the relationship of futures to cash prices for the commodities trade is a "meaningful" one.

If this is regarded as a way of flushing out some (as yet undefined) degree of speculation that is regarded as harmful, it may also in practice prove extremely hard to apply. Any commodity market, as the professionals are quick to point out, must contain speculators and hedgers in order to thrive; how is anyone to distinguish in the heat of the moment which speculative orders represent a justifiable view of the future level of a commodity's price, and which are to be ascribed to mere gamblers? Market experts also argue that relatively small quantities of foodstuffs and animal feeds were actually delivered at the peak levels of the past two years. There was also a good deal of quiet refusal to take delivery—a phenomenon that seems to have been repeated this spring as current crop expectations undermined the high prices levels of some future contracts traded last autumn.

Divided

At this stage, the CFTC still seems to be feeling its way, and in posing questions as fundamental as these, it is far from being the high-handed, remote creature that some traders fear. The chairman, Mr. William Bagley, a former lawyer and California state politician, has disarmingly admitted that he comes into office knowing little of the commodities business, but emphasising his willingness to listen to all points of view.

He will receive plenty on a subject that has Chicago commodity men deeply divided—and on which the CFTC has been ordered by Congress to reach a decision within the next few months. This is the vexed question of whether brokers should be allowed to trade on their own account as well as on behalf of their commission-paying customers. If the CFTC follows the paradigm of SEC regulations in the stock market, it will insist that the two functions be separated and that commodity traders who now combine the two activities should choose between them. The commission houses, whose commodity business is in many cases an extension of their basic livelihood as securities firms, are lobbying hard for just such a separation.

As in so many other matters, however, the commodities market is not as close a parallel to the stock market as is sometimes assumed. An equally vocal lobby of independent traders and of commercial houses (such as the big grain companies) insists that there need be no conflict of interest for the trader who is thinking of his own position in the market, or of his company's export contracts, at the same time as he is buying and selling for clients. The current chairman of the Chicago Board of Trade, Mr. Paul McGuire, a successful independent trader himself, goes further and argues that any trader not backing his advice with his own money is not worth his commission to his client anyway.

How the CFTC will resolve this difficult and highly controversial issue remains to be seen. Much will doubtless depend on how far commodity men manage to agree among themselves, if the alternative is to have a solution forced upon them by Washington.

Even more important to the industry in the immediate future, as it gets used to a new and more regulated existence, will be the behaviour of markets themselves. Seasoned observers in Chicago are practically unanimous in agreeing that a prolonged period of more moderate prices and easier supplies of principal commodities is the best thing the industry can hope for in the next year. Historically bear markets have proved harder for the smaller investor to do well in—though the lower margins now required by reason of lower prices may also have the effect of attracting back into commodity trading some of the smaller operators forced out last year by soaring minimum capital requirements.

There is a good deal less emphasis in Chicago these days on the need to attract fresh capital into the markets, in recognition, perhaps, of the fact that many inexperienced investors got badly burned in 1973 and 1974. Such efforts as the exchange authorities themselves are now making to widen the clientele that uses their member firms seem for the moment more directed towards convincing farmers, grain merchants and middlemen in the livestock business of the advantages of hedging their risks through the futures market.

Statistics of the exchanges so far this year bear out the impression that the industry has now entered a period of cooling down. On the Board of Trade, still by far the largest financial exchange in the world, the number of contracts traded during the first four months of this year declined by 4.7 per cent., while their estimated value fell by 7.9 per cent. to $94.6bn. from the comparable period of 1974. Unless there is once again a dramatic change in U.S. crop production from present expectations (as happened between spring and summer last year), it seems unlikely that the still deepening recession of the U.S. economy will sustain anything like the record 14.5m. contracts traded for $324.9bn. last year.

Sharply

On the Mercantile Exchange the story has been much the same. During the first four months of 1975 volume fell from 1.7m. contracts traded in 1974 to 1.6m., while estimated value fell more sharply from $34.9bn. to $27.6bn.

As both exchanges see it, the way ahead lies in continuing to expand volume and to keep on searching for new contracts to offer. Chicago is not so sure of its present primacy in the commodities business that it does not feel keenly the enhanced competition being mounted from the New York exchanges, to say nothing of those in London, which in recent months have invaded a number of areas, such as soya bean meal, in which Chicago has long held exclusive sway.

In looking for new areas of business, of course, the main event of the current year has been the institution of gold dealings on the Board of Trade, the Mercantile Exchange and a number of other U.S. commodity exchanges, following the lifting of restrictions at the end of 1974 on ownership of the yellow metal by American citizens. To the immense relief of the U.S. Treasury, the gold market has turned out to be much smaller than long-time "gold bugs" had been confidently predicting.

All the same, it has brought brisk business, to the Chicago Mercantile Exchange in particular, whose International Monetary Market has made itself consistently the most active of the five U.S. commodity exchanges trading gold. In the first four months of dealings, the IMM turned over a total of 111,000 contracts in gold, worth just over $2bn. This was roughly the same as the value of futures dealings in the Deutschemark and Swiss franc on the IMM, though well below the value of the very active pork bellies, live cattle and live hogs futures markets on the Mercantile Exchange during the same period.

Sponsors of the gold market say they are well satisfied with the way it has developed. Mr. E. B. Harris, president of the CME/IMM, says it has developed more rapidly than any other newly-introduced commodity with the exception of live cattle. Dr. Mark Powers, the man primarily responsible for planning the market, feels that its greater success than other exchanges has been due to the smaller size of its contract, denominated as 100 oz. The New York Commodity Exchange (COMEX), which has adopted a similar contract geared to the means of the smaller investor, has had the next highest volume of dealings, while other exchanges such as the Chicago Board of Trade have done a good deal less business with the 3 kg. ingot.

Encouraged by the success of the gold contract in its first few months, the IMM is now completing preparations for a daily gold fixing along the lines of the London fixing. Permission from the Department of Justice has been received to go ahead without the possibility of anti-trust action, while negotiations have been going on with the five member firms of the London fixing and with other leading international gold houses to allow the IMM to assess the degree of interest. Exchange officials hope that if the gold fixing plan materialises it will put Chicago firmly on the international monetary map, in addition to its existing market in currency futures.

Looking further ahead, the Chicago exchanges have plans for several other new contracts. The Board of Trade, which introduced a new Gulf wheat contract in April last year with disappointing results, is looking for ways to alter it in order to challenge the strong position of Kansas City. It is also interested in diversifying into the financial sphere by introducing futures trading in mortgages.

A.D.

Industry begins to recover

AS THE second quarter of 1975 draws to a close, the time is at hand when, according to the consensus of economic opinion, the U.S. should start to show clear signs of recovery from its deepest recession since the 1930s. For the Chicago region, that will be welcome news. Although in recent years the extraordinary diversity of Chicago's industrial base had generally kept unemployment below the national average, by the spring of this year it had soared well above the 8 per cent. mark, as it had also done in most other parts of the U.S.

Recession was a little slower coming to Chicago than to some other cities, and its effects have been felt in a manner somewhat different from that in cities such as Detroit, which are overwhelmingly dependent on a single industry. In some respects, according to local economists, the downturn in the national economy has, however, hit Chicago no less hard than single-industry regions. In the steel industry, for example, which produces about 4-5 per cent. of the nation's total production, the full force of lay-offs of production workers was not felt until last month, when Inland Steel, one of the region's largest works, was obliged to lay off some 25 per cent. of its 23,000 labour force. In other industries, such as construction, unemployment rates have been running as high as 30 per cent. in the Chicago area. Rates of between 10 and 15 per cent. have been common in certain areas of manufacturing that are particularly sensitive to developments elsewhere—the consumer durables sector, for example, and the automobile components sector.

From being primarily an agricultural market and shipping point in its origins, Chicago has developed since into an almost infinitely versatile industrial metropolis, with 40 per cent. of the manufacturing capacity of the U.S. within a 500-mile radius, and a good percentage closer than that. Chicago makes almost everything that the rest of the country — and the world — needs. It has, perhaps, since the departure of the stockyards to Omaha and other centres, come to depend more on steel than on any other single activity, yet the picture is broad enough to make Chicago the national leader in such diverse industries as surgical instruments, musical instruments, machine tools, electrical appliances and mail-order sales.

Advantage

Thus Chicago feels reasonably sure that whenever the national economic picture does pick up, it will be well-placed to take advantage. The city even hoped to pick up some benefit from the $100-$200 personal tax rebate ordered by Congress earlier this spring as a means of stimulating consumer spending — though it is too soon to tell whether these expectations were justified. Last month's survey of consumer opinion by the Continental Bank showed a marked revival of confidence in the Chicago metropolitan area, following two quarters' results of deepening pessimism about the state of the economy. While a good deal of uncertainty remains over employment and personal finances, with some 40 per cent. of the sample foreseeing better conditions ahead in a year's time or so. The survey also showed, however, that many more affluent consumers in the suburbs are inclined to wait until next year before they commit themselves to heavy new expenditure, and that in the meantime they intend to shop around hard for bargains.

So far as business confidence is concerned, the figures are not yet available to chart the effects of the recession on greater Chicago, though few students of the local economy doubt that they would show a marked slowdown. Last year, as the advance warning signs of a decline in activity, coupled with continued high interest rates, began to make themselves plain, new construction for industrial purposes in the greater Chicago area fell to $309m. from $451.7m. the previous year. This was due in large part to a much lower rate of investment by the steel industry, which in 1974 spent only $116.5m. on new plant in the region compared to $272.7m. in 1973. Excluding the steel industry from the totals, there was a smaller decline, of only about 2 per cent., in investment by other industries. In the chemicals, non-electrical machinery, food, paper and transportation equipment sectors, moreover there were substantially larger investments in 1974 than in the previous year.

While all this attests to the underlying strengths of Chicago's economy, it has not made for complacency on the part of either civic leaders or business in the region. Chicago is as interested as any of the newer industrial centres of the U.S. in attracting new investment, though unlike most of them, it can also offer an enormous depth of experience in addition to its sophisticated and increasingly international financial services, its strategic location in the middle of the North American Continent and its place at the heart of one of the half-a-dozen major markets into which distributors and retailers conventionally divided the U.S. The city's banks have been increasingly engaged in recent years in building up their resources and expertise in the industrial development field. So, too, have many of the railway companies seeking to create new business, as well as to make the most of their property interests.

Foreign

Thus far foreign investment has not made itself especially prominent in the Chicago economy. But the city's well-established commercial and financial connections with the rest of the world, and with Europe in particular, make it certain that the issue will not be allowed to become the political football in Chicago that it has already turned into in some other parts of the country. The relatively new presence of a couple of dozen foreign banks in the city, where they have been given a warm welcome by the local financial community, may be one major step towards an expansion of foreign investment in other areas of the Chicago region's economy. There seems little doubt that it would find many opportunities to participate profitably in an area whose gross metropolitan product, at close to $70bn., is greater than those of many independent nations, and which seems poised for further growth as soon as conditions permit.

A.D.

First Chicago is at home in more currencies than you can count.

The First National Bank of Chicago is a $19 billion money-center bank with a network of more than 70 installations in 39 countries, and the capacity to provide loan and money-management services in any currency or combination of currencies.

Like the city of our birth, our methods are straightforward, pragmatic, quick to respond, and ideally suited to unraveling the complexities of multinational money matters.

If a basic approach to international banking makes sense for your company, chances are there is a First Chicago office in a city where you do business.

FirstChicago
The First National Bank of Chicago

How much is a cluster of maple leaves worth?

In Canada, a cluster of maple leaves appears on the 1-cent piece. 100 cents=1 dollar. First Chicago is in Canada in Suite 2200, Commerce Court North, Toronto, Ontario.

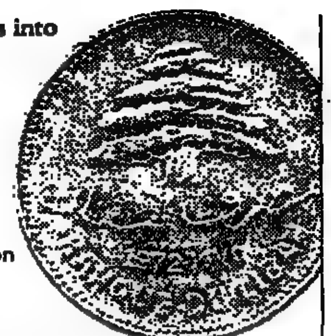
How many centavos in a cruzeiro?

In Brazil. 100 centavos=1 cruzeiro. First Chicago is in Brazil at Rua Antonio de Godoi, 27-10° andar, Sao Paulo.

If you are exchanging Bolivar for Balboa, where are you going and where have you been?

In Venezuela, 100 centimos=1 bolivar. In Panama 100 centesimos=1 balboa. So you're going from Venezuela to Panama and you'll find First Chicago in both places. At Sabana Grande, Caracas 105. And at Via Espana con Venezuela, Panama 7.

Who turns pounds into piastres?



The Lebanese. In Lebanon 100 piastres=1 pound. First Chicago is in Lebanon at 59 Riad Solh Street, Beirut, with sub-branches on Hamra Street and Badaro Street.

Australia is very British, but its coins are very much like what other country?

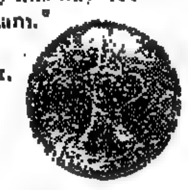
The U.S.A. Like Americans, Australians count their money 100 cents=1 dollar. The sizing of the coinage is very similar also. First Chicago is in Australia with two installations in Sydney and one in Melbourne.

What is the value of a nickel cigar?

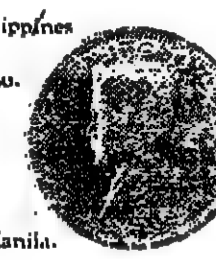
5 cents. In the U.S.A., the five-cent piece is called a nickel. 100 cents=1 dollar. First Chicago has international operations in Chicago, Los Angeles, New York and San Francisco.

Where might you pay for dinner with dinars?

In the United Arab Emirates. This newly formed, oil-rich nation counts its money this way: 100 fils=1 dinar; 10 dinars=1 dirham. First Chicago is in the United Arab Emirates on Aruba Street, Sharjah and in Nasser Square, Dubai.

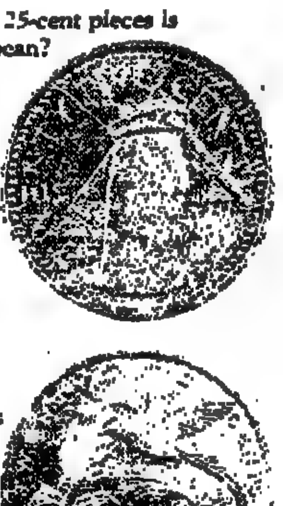


Who changed its pesos to pisos?



The Filipinos. In the Philippines the old coinage system read: 100 centavos=1 peso. Now it reads: 100 sentimos=1 piso. First Chicago is in the Philippines in the ODC Building, Salcedo Street, Legaspi Village, Manila.

Which of these two 25-cent pieces is not from the Caribbean?



The one with the windmill is from Barbados. The other is from Jamaica. However, Barbados is actually part of the Windward Island group and is in the Atlantic Ocean. In both countries 100 cents=1 dollar. First Chicago is in Bridgetown, Barbados; Kingston, Montego Bay and Ocho Rios, Jamaica.

Does 100 pfennig equal a deutsche mark or a mark?

The deutsche mark is used in West Germany. The mark is used in East Germany. Both equal 100 pfennigs, but their exchange value is different. First Chicago is in Germany with an office in Munich and branches in Düsseldorf and Frankfurt.

How many lepta in a drachma?

In Greece 100 lepta=1 drachma. But if you have 200 lepta you don't have 2 drachmas: you have 2 drachmai. First Chicago is in Greece with branches at 13 Panepistimiou, Athens and 2nd Merarchias 13, Piraeus

Why does the British Crown appear on coins from Hong Kong, but not on coins from Singapore?

Hong Kong is a British Crown colony. Singapore is an independent state and was part of the Federation of Malaysia until 1965. Both count their money 100 cents to the dollar. First Chicago is in Hong Kong at Connaught Centre, Connaught Road Central and in Singapore at 49 Robinson Road.

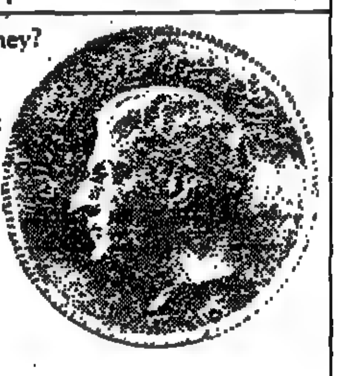
If you get groszy in your change, where are you?

In Poland. 100 groszy =1 zloty. But if you have 200 groszy you have 2 zlote. And if you have 500 groszy, you have 5 zlotych. First Chicago is in Poland at the Hotel Orbis-Forum Warszawa, Warsaw.

What does a square cross on a coin tell you?

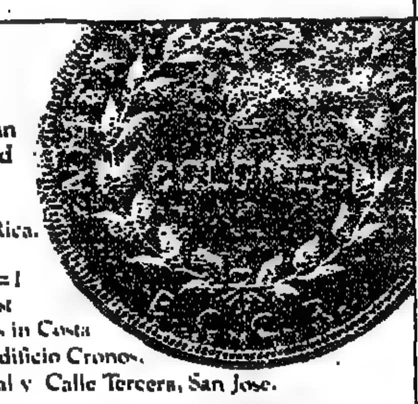
That it is probably from Switzerland. Almost all Swiss coins carry the symbol, which is also known worldwide as the symbol of the International Red Cross, a Swiss originated organization. 100 centimes =1 franc. First Chicago is in Switzerland at 6 Place des Eaux-Vives, Geneva.

Who has rial money?



Iran. Here 100 dinars=1 rial. First Chicago is in Iran with an office at 38 Elizabeth Boulevard, Tehran.

Where can you spend a colon?

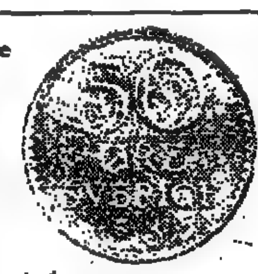


In Costa Rica. Here 100 centimos=1 colon. First Chicago is in Costa Rica at Edificio Cronos, Av. Central y Calle Tercera, San Jose.

How much heavier is a "heavy" franc?

In 1960 France went to the new or heavy franc monetary system. While the size and weight of the coins has remained the same, the heavy franc is worth 100 times more than the old franc. They are still counted 100 centimes=1 franc. First Chicago is in France at 12 Avenue Hoche, Paris 8e.

What is the difference between an øre and an öre?



The øre is used in Denmark and Norway. The öre is used in Sweden where 100 ore=1 krona. First Chicago serves Scandinavia from Sweden with an office at Drottninggatan 25, Stockholm.

Would you rather have 10 yen or 10 sen?

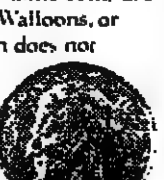
In Japan 100 sen=1 yen. So 10 yen is a much better choice. First Chicago is in Japan at 409 Fuji Building, Marunouchi 3-2-3, Chiyoda-ku, Tokyo.

Where can you change a quetzal?

In Guatemala, where 100 centavos=1 quetzal. First Chicago is in Guatemala at Edificio Camara de Industria, Guatemala City.

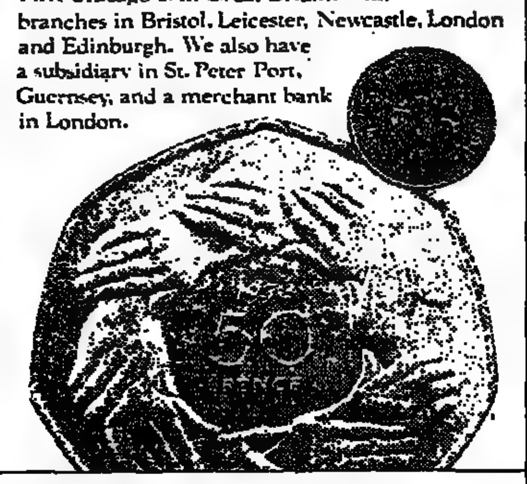
Is a Walloon franc worth more than a Flemish franc?

In Belgium some coins are inscribed "Belgie" to honor the Flemish population and some coins are inscribed "Belgique" to honor the Walloons, or French population. The inscription does not change the value of the coin. 100 centimes=1 franc. First Chicago is in Belgium at Maria Theresialei 7, Antwerp and 40 Avenue des Arts, Brussels.

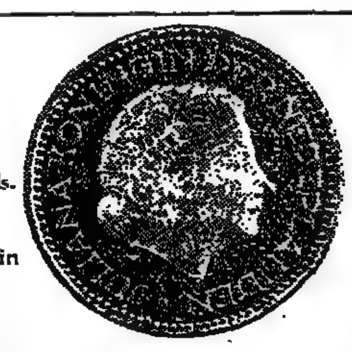


How many old d in a new p?

About 2½. In 1971 Great Britain adopted the decimal system; 100 new pence (p)=1 pound. The former system: 240 old pence (d)=1 pound. First Chicago is in Great Britain with branches in Bristol, Leicester, Newcastle, London and Edinburgh. We also have a subsidiary in St. Peter Port, Guernsey, and a merchant bank in London.



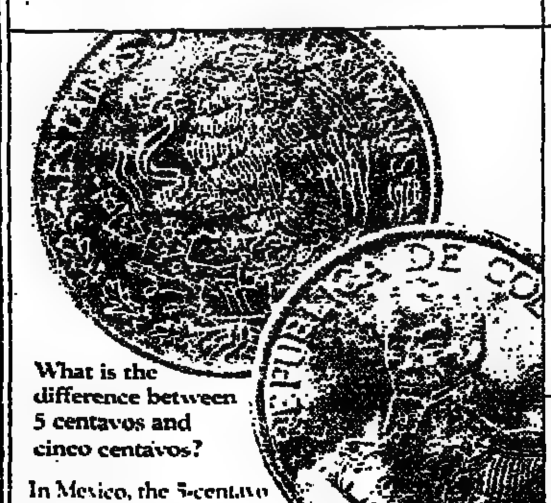
What country uses gulden coins?



The Netherlands. 100 cents=1 gulden. First Chicago is in the Netherlands with an office at Leidsegracht 8, Amsterdam.

What does the Rp on this coin mean?

It means it is from Indonesia. Rp is an abbreviation for rupiah. In Indonesia 100 sen=1 rupiah. First Chicago is in Indonesia in the Borobudur Offices, Jalan Lapangan Banteng Selatan, Jakarta.



What is the difference between 5 centavos and cinco centavos?

In Mexico, the 5-centavo pieces commonly bear the word "cinco." In Colombia, the 5-centavo pieces carry the numeral 5. In both countries 100 centavos=1 peso. First Chicago is in Mexico at Paseo de la Reforma 379 Mexico 5, Mexico and in Colombia. at Calle 35, No. 7-25, Bogota.

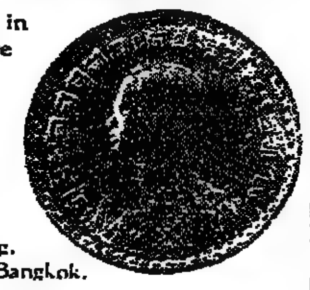
What is smaller than an Italian lira?

Actually, nothing. Theoretically there are 100 centesimi in an Italian lira. But centesimi are not in use. Everything must be counted in lire and that's why Italian prices always sound so high. First Chicago is in Italy with branches at Via Ferdinando di Savoia 8, Rome and Via Broletto 13, Milan.

A shilling is to what country as a naira is to what country?

In Kenya the shilling is the base measure of currency; 100 cents=1 shilling. In Nigeria the naira is the base measure: 100 kobo=1 naira. First Chicago is in Kenya on Mama Ngina Street, Nairobi; and in Nigeria at 18 St. Gregory's Road, Lagos.

If you have a baht in your pocket, where are you?

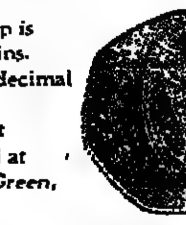


In Thailand. Here 100 satangs=1 baht. First Chicago is an associate of Siam Credit Corporation, U-Chuliang Building, 968 Rama 4 Road, Bangkok, Thailand.

What does the date on a Spanish coin tell you?

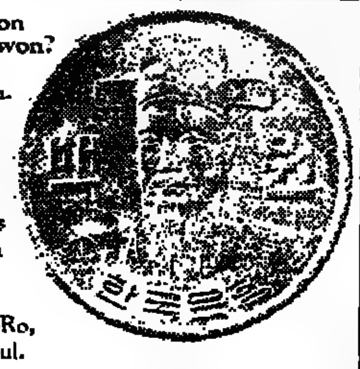
Not much. Most Spanish coins have two dates. The big one is the year the coin was authorized. The actual year of coinage appears in tiny numbers on a small six-pointed star. 100 centimos=1 peseta. First Chicago is in Spain at Edificio Cuspide, Castellana 18, Madrid and Genova 20, Madrid.

What country has musical money?



Ireland. An Irish harp is pictured on all its coins. Ireland adopted the decimal system in 1971; 100 pence=1 pound. First Chicago is in Ireland at 44/55 St. Stephen's Green, Dublin.

Where is a won saved a won won?



In South Korea. Here the coins are counted in won. 100 jeon=1 won. First Chicago is in South Korea in the KAL Building, Namdaemoon-Ro, Chung-Ku, Seoul.

The options exchange

THE RECENT exceptionally sharp upturn in Wall Street equities, both in share price and trading volume terms, has in no way dented or slowed down the continuing success and appeal of options trading in America. While it may no longer be possible to describe options as "the only securities game in town" at least cynics can no longer dismiss the success of the 2½-year-old Chicago Board Options Exchange (CBOE) as "a temporary flash in the bear market's pan."

When it was created at the start of the 1973 Wall Street collapse, the CBOE came in for considerable criticism. Options, many argued, were simply investment vehicles for speculators and gamblers and, as such, they had been a major force behind the great market crash in 1929. Furthermore, it was pointed out, the equity market at least provides a source of new corporate capital, while options exchanges are simply parasitic offshoots vulnerable to the worst abuses and manipulations.

In practice, many assumed that the CBOE, the self-confessed "test-tube baby of the securities industry" would die a premature and largely unmourned death when the eventual recovery in equities diverted investor interest back into Ordinary shares. If the last six months is any guide, the reverse of this is true. All the evidence suggests that options trading is now growing in line with interest in equities. On any account it seems as if there is a good deal more to this new investment vehicle than simple speculation.

Competition

As the first of America's options exchanges, the CBOE is now beginning to taste competition. Earlier this year the American Stock Exchange started its own options floor, while similar plans at the Philadelphia-Baltimore-Washington exchange are now undergoing final testing. But until these two latecomers really get going (the Amex options market is still arguably a very illiquid business, unsuitable for larger institutional deals) and the New York Stock Exchange finally decides on its plans, the CBOE remains (as its new letterhead logo insists) "The options exchange."

But what, one can reasonably ask, is an option? Very simply it is an "option" or "right" to buy (call) or sell (put) at some later agreed date a certain number of shares in a company at an agreed price. After recent additions just this week, the CBOE now trades in call options of 67 companies, and there are hopes that the Securities and Exchange Commission may approve trading in put options later this year.

Of course, options trading has been around for a very long time—records exist of options deals in Amsterdam back in the 1600s. But until the CBOE set up its trading floor and eliminated several of the variables in the deal, each and every option had to be a special tailor-made affair and like all things tailor-made were highly expensive.

What the CBOE did was to create an options market modelled on the commodities futures market of its parent company, the Chicago Board of Trade. Thus all options contracts were deemed to be for 100 share lots in the company concerned, and expiry dates for contracts were standardised at the last Monday in January, April, July and October. At the same time, the exchange sets the "exercise prices" (that is the price at which the underlying shares can be bought).

Thus, taking a typical options contract, a Delta Airlines-October-35 is an option to buy 100 shares of Delta at $35 a share before the end of October. With Delta's current market price on Wall Street somewhere around $30, this particular option costs about $3. Similarly a Ford Motor-January-40 costs about $3 per contract with the shares at $35. The marvellous thing about this exchange is the added mobility and liquidity given to options—no longer is a buyer locked into a deal until expiry but a Delta-October-35 is a Delta-October-35 and can be traded just like any common share.

The price, or premium, of an option will be dependent on two main factors. First, and most obviously, it will react to the share price movement of the underlying stock. As the share price rises the value (and thus the price) of the option will also go up. The second factor is the remaining length of time before the expiry of the option. As the remaining period decreases and the possibilities of further price rises become less certain and more speculative, the value will fall. What one must at all times remember is that an option will be absolutely worthless if it expires with the share price still below the exercise level.

Like any normal share transaction, an option deal is between two parties—the buyer and the seller (or writer). All available evidence suggests that, for the most part, private individuals make up most of the buyers and institutions the writers. The appeal of the deal is different in both cases.

From the buyers' point of view, an option offers a slim chance of fantastically large profits against a relatively large risk of the total loss of a relatively small stake. It is this high risk/high reward ratio which has attracted the speculators and raised most of the Securities and Exchange Commission's major worries. It ought to be added that, to date, no one has identified any obvious market manipulation, though some brokers wryly comment that the CBOE will not really have come of age until it suffers a major scandal.

By purchasing a call option, an investor has effectively bought the right to participate equally in dollar terms in upward and downward movements in that particular company's shares for a limited time. To really understand how the leverage works, let us assume that Delta Airline's price suddenly rises from $30 to $40.

Varied

The owner of 100 shares in the company has made a $10 per share profit or a $1,000 profit on $3,000. A buyer of an options contract (or 100 shares) has probably made a similar $10 per option profit (actually it would probably be $9 or so because of the decreasing time element) giving him a $1,000 profit on a $300 investment. Now he could either, assuming the same original cash investment of $3,000, have trebled his options investment to treble his return or have invested the leftover in high yielding, ultra-safe bonds.

The appeal from the writer's point of view are much more varied and, indeed, much more complicated. Basically, the sale of an option can be used to protect against a decline in the value of shares or predetermine a sale price months in the future. The basic aim is the reverse of the buyer—in return for receiving a small known certain return (the premium), the writer gives up the slight chance that the shares he owns go shooting up in price.

The institutions are flocking into option writing as a hedge in great quantities. Computers are being used to work out highly sophisticated games theories. In the end it all adds up to the fact that a writer of options cannot lose. Even if the price of the shares skyrockets, he has his premium and his gain is merely less than it might have been. The one exception to this—there always is one—is the writer of "naked options": that is to say the writer of options sells shares that he does not already own. As with the case of short-sellers of shares, this can be a very expensive exercise in which losses are theoreticaly unlimited.

From the brokers' point of view, the options market continues to be a bonanza. Seat prices on the CBOE have risen sharply since the market was founded and, with volume continuing higher, the trend is not likely to falter. Commissions on the CBOE are enormous relative to premiums (they are more reasonably measured against the underlying stock), and the market attracts lots of in-and-out deals.

The SEC is still clearly worried about possible abuses, although it has recently unbent enough to allow the CBOE to add extra shares to its dealing lists. Arguments that the CBOE plays no vital role in the capital structure may not have been accurately answered but, at the same time, options do work to make the basic share market less volatile by straining off speculators. While doubts must remain, it makes no sense whatsoever to freeze the growth of options now. A much better answer to worries would be to introduce regulatory limitations that could, for example, ban naked options.

Jay Palmer

OPTION DEALINGS

Period	Average monthly contract volume	Average monthly volume $m.
May/June 1973	44,000	27.5
3rd quarter 1973	131,000	50
4th quarter 1973	221,000	81
1st quarter 1974	285,000	83
2nd quarter 1974	349,000	91
3rd quarter 1974	549,000	118
4th quarter 1974	700,000	259
1st quarter 1975	938,000	445
April/May 1975	1,222,000	647

NOTES:
1. Dollar volume figure based on price paid for option.
2. First and last figures based on incomplete quarters.
3. Last figure for dollar volume is a conservative estimate.

Renewing the inner city

BEYOND THE downtown area of shops and offices, the huge metropolis that seems to spread as far as the eye can see, even from the 1,450 ft. elevation of the Sears Tower's observatory, is still a city of neighbourhoods to a greater extent than almost any other in the U.S. There has been change and erosion, of course. Some of the old ethnic "villages" have withered as the 19th century European immigrant communities have gradually lost their cohesion, while others have disappeared to make way for Mayor Daley's freeways. Others again have had their original characters sapped as whites have prospered and moved out to the suburbs, and blacks have established themselves. Yet much still survives of the old neighbourhood system, while continuing immigration into the city from Greece, Puerto Rico and Mexico—to name only three countries—seems to be ensuring that it will keep on gaining new additions.

But the neighbourhood system has come to mean more than ethnic diversity, or ticket-balancing at City Hall. City planners and sociologists have come to regard it as a building-block in the complex web of circumstances that make Chicago more vigorous and perhaps more healthy than New York or Detroit—or at least, not quite so far advanced on the road towards economic decline and insolvency. In several quite different ways, Chicagoans are attempting the extraordinarily difficult task of saving and strengthening their city before it is too late, and are using the subtle, constantly changing neighbourhood system as a means of approaching these problems.

Loop

The heart of Chicago economically, as well as geographically, remains the Loop, with its concentration of offices, banks and department stores. Like similar areas of other cities, it has become an increasingly isolated workplace, however, as more and more of its day-time population have moved out of the centre to the suburbs. What Chicago has now decided to do is to try to reverse this trend by building a new residential community within walking distance of the Loop where, eventually, it is intended to house 120,000 people.

Chicago is lucky to have the opportunity to think so big. The chance arises from the abandonment of 600 acres of railway yards just south of the Loop, on a conveniently-placed site that is also within easy reach of Lake Michigan and is close to major new roads. Although many obstacles still remain to be overcome before the building operations can begin (including purchase of the land itself at realistic prices), the non-profit company formed by the city's principal bankers, businessmen and civic leaders, Chicago 21, is going ahead with its plans and hopes to break ground next year. Financing is already assured for the $13m. "down payment" on the first 50-acre phase of the South Loop New Town: the remainder is expected to be raised through revenue bonds, which will be guaranteed by the City of Chicago but will be serviced and redeemed by income from the New Town itself.

The basis of this enormous undertaking—the largest ever contemplated by an American municipal government—is an imaginative plan prepared by the architectural firm of Skidmore, Owings and Merrill, designers of the Sears and John Hancock towers among other Chicago landmarks. The plan emphasises two points in particular: it is designed to appeal to families with school-age children, and it is intended to be within the range of people on medium incomes — between about $15,000 and $35,000 in the U.S. context.

If the strategy works as well as its sponsors hope, the Chicago 21 scheme will give rise to new neighbourhoods offering families many of the advantages they enjoy at present in the suburbs within a few minutes of the heart of the city. In the European context this might not seem such a revolutionary concept. In the U.S. it supposes that such services as schools, hospitals and police protection within the inner city can be brought up to the standards of the suburbs; the fact that they have deteriorated so far in the past 25 years is, however, the very reason that so many millions of white and black middle-class people have moved out to the suburbs.

It will not be easy for Chicago to meet these conditions. In spite of the reputation Mayor Daley enjoys of presiding over "a city that works," Chicago displays many of the same grim problems as other large metropolitan areas: high and still rising crime rates, a struggling and still heavily segregated school system, vast areas of dereliction and a huge public housing programme that has provided bricks and mortar yet failed to grapple with the social problems of its tenants. There will no doubt continue to be criticisms that Chicago 21, which could eventually cost $5 or $6bn., is siphoning off resources that would be better spent trying to improve life in the ghettoes of the South Side and West Side.

Debatable

Much money has, of course, been spent on improving social services, as it has in many cities, and with similarly debatable results. The Chicago 21 plan is a new approach in U.S. terms, seeking almost to transplant a new heart into the inner city. If it works, it could have a ripple effect, gradually leading to the recovery and improvement of other neighbourhoods to the south.

Professor Morris Janowitz, of the University of Chicago is one leading sociologist who believes the plan has a good chance of success if only because the increasing cost and strain of commuting long distances from ever-further suburbs and dormitories is beginning to show signs of driving people back to the city to live.

Moreover, Chicago has a precedent for believing that the familiar process of urban decline need not be irreversible. Two decades ago the University of Chicago made the decision—"on purely business grounds," as one man involved in it recollects—not to move its campus from a neighbourhood apparently facing the same fate of slow disintegration as much of the rest of the South Side. Instead, it has remained in the Hyde Park-Kenwood section—where Frank Lloyd Wright did much of his early work—and has made itself the central force in a determined campaign to improve old housing, build new housing and to strengthen the sense of community.

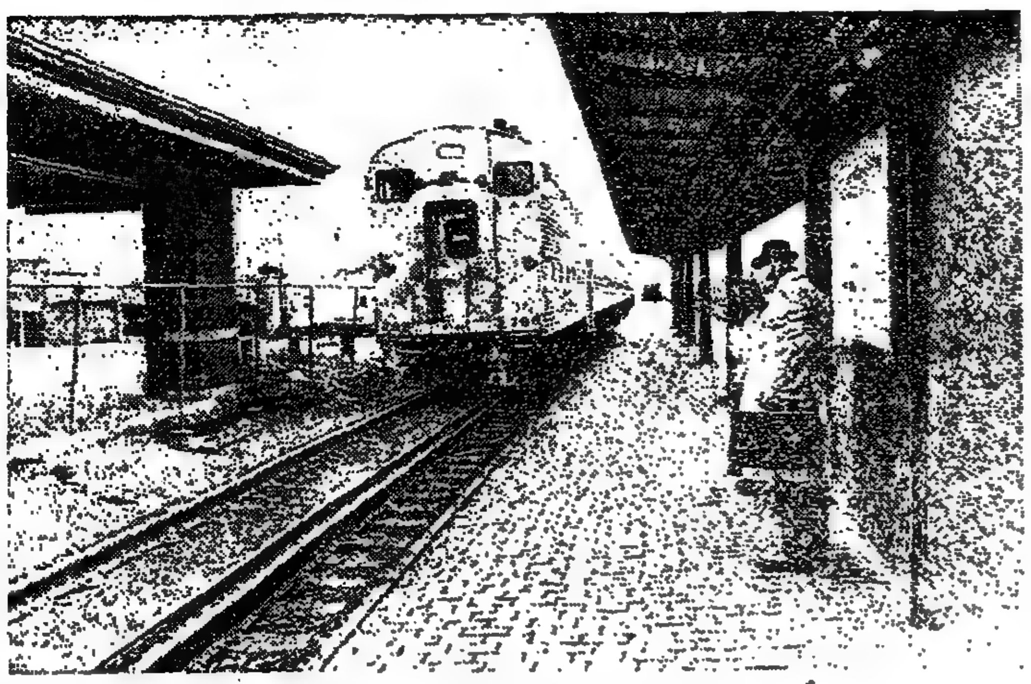
The campaign has a long way to go, but it has also been able to achieve an impressive degree of success. Not least, it has made the neighbourhood one of the few in Chicago or in any other large U.S. city that can be accurately described as racially integrated — where whites sell houses to blacks who sell them to other whites.

The presence of the University, the financial backer of the Hyde Park-Kenwood improvements and principal employer of its inhabitants, has been the largest stabilising factor. Not least has been its clout at City Hall, where Mr. Julian Levi, who is the moving force in the local civic improvement group, is also chairman of the City Planning Commission. He is the last man to exaggerate the significance of what has been done in Hyde Park-Kenwood, but he can point to it as living proof that given the economic conditions, the imagination and the determination, inner city neighbourhoods need not find themselves on a one-way street leading downhill.

A. D.

Rising costs hit transport firms

A GLANCE at the map is enough to understand why Chicago, from its earliest beginnings, developed into the transportation centre of the U.S. Situated between the Mississippi-Missouri river system and the Great Lakes with their outlet to the St. Lawrence, it also stands at the edge of the prairies which grow a substantial portion of the world's food. With the coming of the railways, roads and finally air transport, Chicago's position has been successively reinforced as both a terminal serving its own great industrial hinterland and also as a crossroads for North America.



A Burlington Northern commuter train at Naperville, Illinois*

In 1973 Chicago was the largest single point of export trade in tonnage terms, with the State of Illinois as a whole among the leaders in foreign trade in both directions in dollar terms. The city's vast railway network, served by 32 different lines, handles about half of the 600m. tons of freight which passes through Chicago each year—a figure which reduces to some 80 tons per head of the population of the metropolitan area. About a quarter of the total is carried by road, 12 per cent. each by boat and by pipeline, and the remainder by air. O'Hare Field remains the world's busiest airport, and shows no sign that attempts by such cities as Dallas and Kansas City to muscle in on its primary role as a connecting and interchange point have made much impact on its business. Even Amtrak, the Federal Government's troubled passenger train corporation has reported steady increases in traffic through Chicago and is reported to have plans to expand its services.

Network

While there can be little doubt that this vast and complex network will continue to keep the wheels of Chicago's commerce and industry running smoothly, the current recession in the U.S. economy and the changed perspectives brought about by the continuing energy squeeze have brought a number of problems to the fore. First among these is the increasingly grave financial situation of the railway industry. As recently as last year, while the North-east of the U.S. was already embroiled in the seemingly insoluble difficulties of the Penn Central and its subsidiaries, the railway industry as a whole managed to turn a comfortable profit of $146m. The main contributors to this, as they have traditionally been, were the longer-haul companies serving the Mid-western and Western states, most of whose tracks pass through the greater Chicago area. During the first quarter of 1975, however, the railway industry reported its first ever operating deficit of $93.5m.

In common with the rest of American business, the railways have been victims of sharp cost inflation, high interest rates and, in the immediate past, a decline in income as the level of economic activity has fallen off. The squeeze has already come close to driving one veteran out of business — the 123-year-old Chicago, Rock Island and Pacific Railroad, celebrated in popular song as the Rock Island Line. After vainly appealing for Federal aid, along the lines of the $280m. recently provided to the Penn Central to stave off liquidation, the Rock Island Line filed for bankruptcy reorganisation in March. Drastic economy measures have kept the line operating, and the management reported last month that if a more favourable cash flow could be maintained for a few more weeks, the Rock Island might still have a chance to survive as an independent unit.

If it succeeds in doing so, however, the net effect may be only to postpone the moment of truth for Mid-western railways. The new Secretary of Transportation, Mr. William Coleman, has put forward a proposal for a series of mergers across the country that would reduce the 60-odd major railway companies to a dozen relatively large systems with markets shared between them. Mr. William Quinn, chairman of the Chicago Milwaukee line, has suggested a voluntary rationalisation programme for the industry that would leave four major networks west of Chicago and the Mississippi river. He argued that this would be preferable to a solution imposed from Washington, where Congress has still to agree on a final new shape for the North-eastern rail network. More than anything else, however, the industry is hoping for an increase in freight rates from the Interstate Commerce Commission, whose procrastination it blames for many of the railways' ills.

Attraction

These troubles, of course, have long been the opportunity for the rival forms of transport. For companies moving into the Chicago area, the city's largest single attraction in recent years has probably been its access to the interstate system of freeways which, with Chicago's large road haulage industry, provides unparalleled convenience in serving markets in all directions. Yet the steeply-increased cost of fuel, coupled with mounting political pressure in Chicago as elsewhere to spend highway funds on public transport network, has raised a question mark over the future growth of road haulage, especially on longer runs. One interesting consequence of the energy crisis appears to have been a sharp revival in the fortunes of the river transport industry on the Mississippi and its tributaries, where the volume of grains, chemicals, fuels and building materials carried has been climbing steadily — with the cost remaining well below those of road or rail.

Finally, Chicago faces a decision on how to expand its airport capacity. O'Hare, with over 30m. passengers a year, is close to the limit even before all of its facilities have been completed. At peake periods flights can be subject to "stacking" or delayed on the ground for an hour or more. The city appears to have reached no final choice on whether to go ahead with planning for a second major airport. But with land in increasingly short supply in the sprawling Chicago suburbs, Mayor Daley and his friends in the business community are said still to be interested in the futuristic proposal for a new airport to be built on an artificial island in Lake Michigan.

A.D.

Convention business

LAST YEAR Chicago had 7.5m. visitors—nearly as many people as live in its entire metropolitan area, and twice as many as those who live in the city itself. Chicago earned close to $1bn. from these welcome guests, while housing, feeding, transporting and entertaining them provided about 100,000 people with jobs and added perhaps $4bn. to the metropolitan area's overall economy. Chicago is an old hand at the convention business; indeed it can claim to have been the inventor of that now world-wide — though still essentially American — phenomenon. The first recorded convention in the city's history, in 1847, was a gathering of military engineers interested in opening up the St. Lawrence between the Great Lakes and the Atlantic. In 1860 the Republican Party gathered at Wigwam Convention Hall, which the city had built in the space of five weeks, in order to nominate Abraham Lincoln, a native son of the state of Illinois, as its candidate for the Presidency.

Although Chicago now has lost its lead in the political convention stakes, and is out of the running for 1976, it has not slipped from the general convention business. It can offer several very large exhibition halls for trade shows and industrial fairs, as well as numerous smaller facilities for conventions and corporate meetings. McCormick Place, the pride of the city's convention organisers, offers some of the most efficient services of its kind anywhere, and can claim to be the largest self-contained exposition and meeting complex in the U.S., while several other older halls can provide overflow accommodation if needed. The city has 40,000 first-class hotel rooms, adding 3,000 during 1974 alone.

Some 1,200 conventions and trade shows were held in Chicago last year, drawing a little over 2m. people who spent $473m. all told, or roughly as much as the remaining 5.5m. visitors who came as tourists or on individual business. Yet the convention and trade show business has remained more or less stationary in financial terms during the past two or three years, while the number of visitors who came in connection with these events has tended to show a slight decline. So, according to officials of the Convention and Tourism Bureau, has the average length of time spent.

Recession

One does not need to look further than the current—and still apparently deepening—recession in the U.S. economy for the most important factor behind this tendency. It seems inevitable that companies, faced with declining profits, reduced investment plans and sluggish sales, should have been forced to trim the amount they spend in this area, as in virtually every other. Chicago convention experts expect a decline of no more than 5 per cent. this year over 1974 in attendances at conventions and trade shows. They point out that in harder times, companies are sometimes inclined to throw extra effort into promotional efforts, such as those channelled through shows. It is also worth bearing in mind that visitors to scientific, professional and other non-business events make up an important part of the total and are apparently less sensitive to changes in the overall economic picture.

According to the Chicago Convention and Visitor Bureau's figures, some of the city's competitors have suffered greater losses of business in the current downturn in economic activity. Without naming names, they claim that attendances are down by as much as 15-20 per cent. in a number of centres. However, this is not to play down the challenges that Chicago faces in the longer term. The current recession should be largely a thing of the past by the beginning of the 1976 season, and with the advent of a year that will be both the bi-centennial of the U.S. and a presidential election year as well, bookings and attendances are expected to climb everywhere (for reasons not entirely known to convention planners, business as well as political gatherings are almost invariably more numerous in even-dated years). Chicago expects to face even more fierce competition in the years ahead, and is doing its best to anticipate it.

Some of the business that other cities have gained has obviously been Chicago's loss. There have been regular events that have moved to warmer climates during the Mid-west's harsh winter, and others whose choice of new locations has been dictated by shifts in their memberships or by moves in their operations. There is probably little that can be done to regain this segment of the city's convention business; Miami or San Diego in February are always going to have an edge over the Great Lakes.

The Chicago convention planners do, however, take seriously the need to increase physical facilities, expand still further their campaign to "sell" Chicago to new trade groups and companies, and to do what they can to see that the city is able to give firm bookings and meet commitments for the often highly specialised requirements of major exhibitions and meetings. In this, they have the benefit of a very close relationship with City Hall. Mayor Daley's legendary touch in heading off strikes is something the convention business in other cities cannot always match.

Beyond this, Chicago is also stepping up its efforts to attract the ordinary tourist, who may spend less when he pays his own bills than he would on company expenses, but is nonetheless an increasingly sought-after customer. The city has co-ordinated a number of package tours, aimed at short-term visitors in particular, for statistics collected last year showed that the typical non-business visitor to Chicago stayed only three or four nights. A high proportion of these visitors appear still to be people living within a 300-mile radius, where Chicago more than anywhere else is regarded as the "big city," no less than it used to be in its earliest days as an expanding port, market and supply centre for the Mid-western agricultural hinterland.

Exciting

Yet the city's attractions spread much wider than that. Like New York and San Francisco, it has the exciting, fast-moving, indefinable feel of a great international metropolis. Its modern architecture is probably unmatched anywhere, while its museums, art galleries, department stores and hundreds of excellent restaurants rank with those of any city in the world. And that is saying nothing of the faint aura of wickedness that still attaches to Chicago's name from the days of Prohibition and Al Capone—faithfully kept alive by the cinema for a whole new generation of Americans.

It is hard in the final analysis to tell what makes people want to come to one city rather than another, whether on their own time or their employers'. Chicago, though, knows it has a good product to offer — and it has never been a city to sell itself short.

A.D.

Construction grinds to a halt

LEWIS MUMFORD, the American writer and art critic once described Chicago as a spider in the middle of a steel web. The city has grown since then and that web has reached out in all directions, with skyscrapers and factories, office towers and apartment houses. The recession brought this incessant activity to a halt early this year. The real estate industry is hoping that the hiatus is only a temporary lull, and that the spider will soon be spinning at its previous frenetic pace.

Indeed, the past decade has been filled with an almost feverish activity in the property sectors. According to surveys of both suburban and urban office space in Chicago, the Continental Illinois National Bank and Trust Company found that 23m. square feet or 70 per cent. of all suburban office space, and 23m. square feet or 33 per cent. of all the existing office space in the city proper has been constructed since 1970. Fully half of all existing floor space in Chicago was put up in the period from 1960 to 1975.

This rapid growth all came to a screeching halt as 1974 drew to a close. This year fewer than five buildings are under construction in the suburbs, the ConIll survey notes half the number under construction in 1966 and in 1967, and one-eighth of the 40-odd buildings put up last year. What had been a healthy market has vanished.

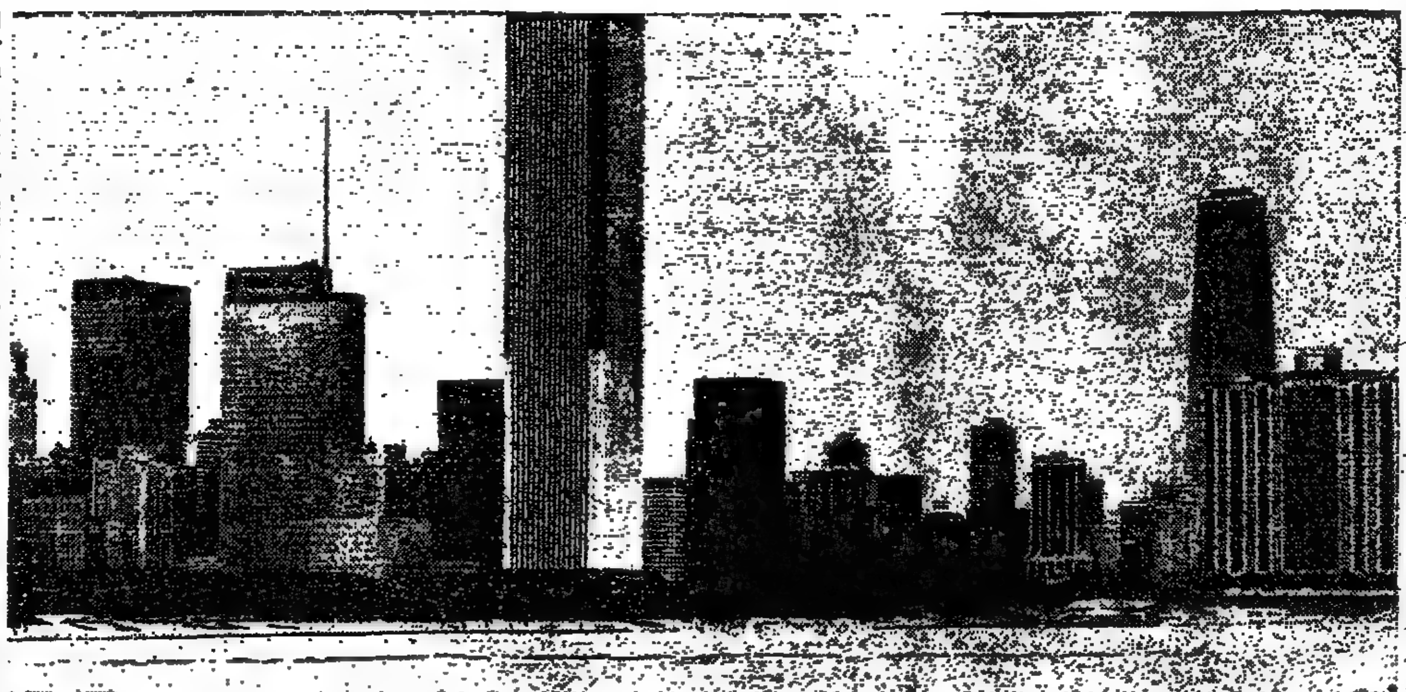
In the central business district (CBD), the Building Managers Association survey, covering 167 major office buildings, reported an occupancy rate of 86.39 per cent. in May, down from 88.39 per cent. in October of last year, and well below the 93 to 94 per cent. thought standard in a normal market.

According to Mr. Ronald Pollina of ConIll, 2.5m. square feet of office space were under construction in the CBD at the end of last year and a total of 6.4m. square feet were vacant. With a current absorption rate of about 2m. square feet a year, the office market will probably be soft for at least the next two and perhaps three years. The occupancy rate will have to climb back to the 90 to 95 per cent. range before the office market will take off again.

Softest

Mr. Winston Jones of the Prudential Life Insurance Company describes the building market as probably the softest of the Chicago property sectors, with recovery prospects brighter in both housing and industrial markets. Prudential has a real estate investment portfolio of $950m. in Illinois and Indiana, and the lion's share is in the Chicago area, concentrated in the CBD.

Despite the moderately pessimistic outlook for the immediate future, the Chicago office market has been spared the depressing debacle that New York City has faced, with a number of newly-constructed office buildings teetering on the brink of bankruptcy. Most of Chicago's office buildings are constructed for a major tenant, instead of as "speculative" or "inventory" buildings, as is common in New York, where many of the troubled offices were put up without major lease commitments.



The Chicago skyline from Lake Michigan, with the Standard Oil of Indiana HQ building in the centre

In addition, the Foreign Banking Office Act of 1973 finally permitted foreign banks to open branches and representative offices in Chicago. By May of last year 42 banks had rented space in the CBD. This was a boost to the rental markets, especially in ground floor space.

Another key to stability, Chicago area developers claim, is the city's real estate tax, which is generally lower than other major metropolitan areas. Property taxes are assessed on one-third of market value, and at a rate of 8 per cent. This boils down to an annual tax that is less than 3 per cent. of a building's true value.

There has been only one major office building failure in the city proper in recent years, and that is 30 North la Salle Street. Prudential, which held the $41m. first mortgage has now taken possession of the structure.

Some observers emphatically claim that the bankruptcy was not the result of adverse business conditions—although Chicago, like most areas of the nation, has suffered from high interest rates, rising construction costs and all the concomitant woes of an inflationary economy—but of poor business judgment. It also appears to be a sad kind of poetic justice. The developers tore down the old Chicago Stock Exchange, thought to be the masterpiece of architect Louis Sullivan and his engineer partner, Dankmar Adler.

The entire proceedings was surrounded by controversy from start to finish. It now faces numerous lawsuits. Critics suggest that the nine-man partnership, headed by Attorney William Friedman, which holds a controlling interest in the venture, paid too much for the land, and was therefore under the gun from the beginning. Then ensued a two-year battle over the landmark structure. The building was eventually demolished, but in the interim costs had risen by leaps and bounds. Finally observers assert that the group did not have enough capital behind the project to keep it going when conditions soured.

Mr. Jerry Speyer, a senior vice-president at Tishman Realty and Construction Company, which holds a 49 per cent. interest in 30 North la Salle Street, still feels that the building cannot lose, if for no other reason than its "triple A" location in the heart of Chicago's financial district. Nevertheless, the failure has made lenders more cautious about project proposals.

Although office space has enjoyed a major boom in the past decade, the traditional backbone of the Chicago property markets has been the industrial sector. Historically, it has been the strongest and the most dependable. Prudential's Mr. Jones feels that it can again be counted on for the quickest recovery and the best volume of activity in the short term.

Basically it has followed much the same cycle as the office market, during the past few months. According to Mr. Larry Levi, President of Hawthorn Realty Corporation, people were fighting for space, and suddenly around the first of the year the market evaporated.

Hawthorn, which is a major developer in Chicago's industrial field, built 1.5m. sq. ft. of space last year, mostly warehouses. This year's volume, however, is likely to be off by as much as a third to a half, with construction running from 500,000 to 750,000 sq. ft.

Unlike the office market, most industrial space—with the exception of factories and major manufacturing facilities — is built "on spec." Last year 9m. sq. ft. of speculative industrial space was constructed. With softer business conditions, only 5m. sq. ft. are planned for this year.

Over the past five years, however, the greater Chicago area has sustained an average absorption rate of 15m. square feet of industrial space annually. In 1974 it was 16m. square feet. The total inventory, according to Mr. Owen Pollard of Commonwealth Edison, which runs a free industrial listing service for the Chicago area, is 40 to 50m. square feet in 730 buildings.

Almost all of this is concentrated in the suburbs. Mr. Pollard noted that in 1974 only eight speculative buildings with a total of 800,000 square feet were constructed within the city limits, while 133 speculative buildings with a total of 10m. square feet came on the market during the same period.

At present industrial space is not only plagued with the vagaries of the economy, but also with a market glut. Many older buildings have suddenly come on the market, and this has led to high vacancy rates and stiff competition, in which newer buildings with their higher construction costs are at a disadvantage.

Mr. Pollard, however, does not feel that the future is as gloomy as the present might suggest. The demand for space still exists, it is just more selective and more cautious. He notes that the number of companies looking for space is up by about 20 per cent. over last year, but those actually signing on the dotted line is down by the same amount. Companies just want to be sure of the economy before they make a move.

While industrial and commercial real estate has fared well, at least until the beginning of this year, housing has been in the doldrums for the past 18 months. It has been the sector of the economy that has taken the brunt of the economic downturn. Throughout the nation, housing for both single family developments and multi-family units has been in a depressed state.

James W. Rouse and Company handles a $250m. portfolio, which includes $70m. for the John Hancock Life Insurance Company. Its investments have been almost exclusively in multi family high-rise and low-rise buildings, and for the past 18 months its new loans have been down by a good 50 per cent.

Upturn

There have been signs of a long-awaited recovery. Some observers feel guarded optimism about the future — but they have felt that several times in the past only to see housing slip further. In Chicago, however, some of the trade magazines have begun to predict a strong upturn for housing.

Mr. William Taylor at Rouse feels that the market for multi-family dwellings in the city looks good. Land costs in the suburbs have risen dramatically, and developers must put in their own sewer lines, utilities and streets, amenities which are already provided in the city.

Although the present is tentative, there seems to be a general confidence in the future. In a recent survey, Business Week magazine reported that although actual capital spending had fallen sharply, plans for industrial expansion were continuing at high levels, only waiting for an economic upturn before they are implemented. As the spider in the middle of a steel web, Chicago may find itself well set when the upturn comes.

Candace Cuniberti

Disappearing landmarks

THE NEW boom in building which has given Chicago three of the nation's five tallest buildings in less than a decade, has been a two-edged sword. On one side it has brought profits to developers and construction firms, work for the building trades, and jobs for the people who fill the offices. On the other side, however, it has brought a loss, not only for Chicago but for the nation.

The toll is alarming: about three-quarters of Louis Sullivan's buildings in Chicago are gone. The Glessner House (1886) is the only remaining building designed by H. H. Richardson in the city; almost all of John Root's buildings in the Chicago loop have been devoured; out of nine theatres designed by Dankmar Adler, Louis Sullivan's partner, only one still exists. These men, along with D. C. Burnham, John Holabird, William Jenny and Sullivan's well-known pupil Frank Lloyd Wright are among the best-known members of the Chicago school. They rebuilt Chicago after the fire of 1871 destroyed the heart of the city.

Masterpiece

One of the greatest losses in recent years was the old Chicago Stock Exchange. Thought by many to have been the masterpiece of Adler and Sullivan, the building had been declared a landmark. Unfortunately, the city council, under pressure from the developers, revoked the building's protected status, and down it came. The struggle lasted two years, and involved much public outcry, not only in Chicago but from concerned citizens throughout the nation. Much of it came too little and too late as is often the case, including a colour spread in the now defunct Life magazine after the wreckers had begun their work.

Now that the old stock exchange is gone, and the building which replaced it in bankruptcy, rumours abound about various stands members of the Chicago community look to save the old landmark. It is said that the partnership behind the development hired a Dallas architectural firm to design what is by all accounts a shoddy and unpleasant building because no local firm would touch the project.

Mr. Carroll Westfall, president of the Landmarks Preservation Council, a private activist group which worked to save the Adler and Sullivan masterpiece, debunks this myth. He does, however, give credence to another: the Chicago Bar Association's decision not to rent office space in 30 North la Salle Street, may have been the last straw for the struggling venture.

Sources close to the industry claim that if the Bar Association had moved into the building, then many law firms would have followed and the building would have turned the corner financially. Instead, after heated debate about the ethics of demolishing the old stock exchange and supporting the developers who had done it, the Association looked elsewhere for a new home and the building faltered. It seems an empty victory.

If nothing else, the loss of the old stock exchange has underscored both the need for meaningful landmarks legislation and the inadequacy of present provisions. In Chicago, as in many other cities, financial viability is the ultimate decision maker for a landmark structure. In New York City, that final dollars and cents knell may well come from the courts, in Chicago the Landmarks Commission faces more difficult opposition.

The Commission on Chicago Historical and Architectural Landmarks is a city Commission with eight members appointed by the Mayor, and headed by the Commissioner of Development and planning, a member of the Mayor's administration. In a one-man city like Chicago, it is already a stacked deck. Just to be sure that things don't get out of hand, the Commission basically has no authority to designate that a building be made a landmark, or protect it once it is.

The Commission can only recommend to the City Council, a term synonymous with Mayor Daley, that a building be declared a landmark. But, as he saw with the stock exchange, a landmark designation from the Council does not guarantee anything except red tape and delays when push comes to shove.

As is the way with municipal codes, there are complicated procedures surrounding the designation and preservation of landmark structures, which end up with the city trying to take them over if all else fails.

Because of the 30 North la Salle Street fiasco, the recommendations of the Commission and pressure from the Landmarks Council and other citizens' groups has thus far saved the Marquette Building (1894, Holabird and Roche). It may well bring a court test of the landmarks procedure, which has not happened since the Commission was established in 1968. The future is therefore uncertain, and Mayor Daley has never been a keen supporter of the preservationists.

Sentiment

This new struggle points up another problem faced by landmark organisations. Not all buildings that are of architectural and historical interest arouse popular sentiment. Some are even modest in appearance, but unless a building has a flashy and appealing façade, its chances of survival fall sharply.

Banks have done little to help the problem. Both Sullivan's Auditorium Building (1889) and the Reliance Building (Burnham and Root 1890) have been told by their banks that their mortgages will not be renewed if the structures are made landmarks. This would present serious financial problems to the present owners. Here the City Council has been biding its time, seeking to work out a solution without making the city financially responsible for the structures.

With money the basis of most decisions involving historic buildings, there is a glimmer of hope on a rather sombre horizon. The very sky-rocketing prices which made their sites so appealing to developers may also soon make it cheaper to remodel and modernise the interior of a landmark than to put up a new building. That is, however, only a glimmer of hope at present. The sorry fact is that in Chicago, as in other U.S. cities, more architectural treasures will fall under the inexorable wheel of what is called progress, and both the city and the nation will be poorer for their loss regardless of how the figures read on a balance-sheet.

Candace Cuniberti

POLITICS TO-DAY BY DAVID WATT

The deadline to disaster is postponed

TWO WEEKS ago I should have said that there was a fifty-fifty *chance of the Government falling* apart over economic policy before the end of July. This prospect has now receded. The probability remains that major splits will occur in the Cabinet before long, but the time scale has lengthened and there is now a fair though by no means certain chance of some semblance of unity being preserved for the rest of this year.

What has brought about this change? Well, for one thing the severity of the economic crisis has now sunk in even among those members of the Cabinet who least wished to face its reality. The repeated runs on the pound have come at just the right moment to scare ministers badly, while at the same time leaving them a little respite in which to try and cope with the situation. The Chancellor and the Prime Minister have improved this shining hour with their six and three-week "deadlines to disaster." In thus depriving themselves of the slightest room for manoeuvre, they took unprecedented risks and no doubt caused Treasury and Bank of England mandarins to swoon away in heaps, but they have at least achieved the desired initial effect of concentrating minds, and the possibly unforeseen secondary effect of unifying themselves and their colleagues in a more resolute position.

The other thing that has altered the situation has been *the gradual emergence of an* economic strategy which makes, in theory at least, a plausible *attack on the problem of inflation* without disinterring that King Charles' head of the Labour movement, statutory incomes policy. A package which relied exclusively upon public expenditure cuts without any *direct assault upon wage inflation* would have been resisted, probably to the point of *resignation, by Mr. Roy Jenkins* and a number of other right-of-centre Cabinet members on the impeccable socialist grounds that it would be wrong to do irreparable damage to the fabric of the public and social services while still leaving wage inflation free to roar away. Conversely, a statutory policy would have caused the resignations of Mr. Michael Foot and Mr. Anthony Wedgwood Benn and has been denounced by the Prime Minister himself.

The impossibility of getting away without some kind of cut in the standard of living of the trade unions has now been conceded, in some sort, by the Left—a concession which is enshrined in the TUC six-point plan and the remarks of Mr. Jack Jones appended to it. In return, the Right now seems *prepared to concede that it may* not be necessary to introduce legal sanctions to enforce the new deal.

The reasoning is, apparently, that the TUC's approach is an *extremely important* psychological break-through which ought to be followed up with *alacrity if at all possible.* The orthodox right-of-centre view criticises the TUC package for *setting wage and price rise targets* far too high at £10 a week per worker. It also declines *for fear of massive bankruptcy* and unemployment to offer the TUC much hope that prices *control will be tightened.* But the most significant aspect of the critique is that it does not *categorically demand statutory* sanctions to make the policy effective.

The right-of-centre consensus, seems to be that these will not be needed. The private sector will not, as one minister put it, be a "real problem." It will be taken care of in part by the general deflationary climate and *possibly by the Chancellor's* plan (championed some time ago by Mrs. Shirley Williams) *for using the Price Code to* penalise companies who attempt to pass on the cost of them to the customer.

As for the public sector, what is required is a tough *determination by the Government* that it will not finance pay awards above its own norm and that if it is defeated by strike action then it will penalise workers in that industry by cutting manpower to save costs.

Attractions

There are vast attractions to this package from a political point of view—notably the fact that it and any public expenditure cuts that are thrown in can be adopted without many tiresome votes taking place in the House of Commons. One short, sharp debate for form's sake and Bob's your uncle. To be sure, the Left will complain that the scheme interferes with free collective bargaining (as they always, rather oddly, do when the Government says in advance that it does not propose to pay more than a certain amount). And the Right will claim it is all a "fudge." To the former the Chancellor will reply that there is nothing to prevent trade unions getting more money than the TUC-Government norm providing they recognise the consequences in terms of unemployment which will be far surer and more severe than they were before. To the latter he will speak of "grim *realities,*" "*utmost determination,*" "this grave juncture in our affairs," and "the end of the line."

Mr. Roy Jenkins: he and a number of other right-of-centre Cabinet colleagues would probably have resigned over a package relying wholly on public expenditure cuts without any direct assault on wage inflation.

The Left's willingness to accept this kind of compromise is not terribly surprising. The moderate Left is not going to be more militant than Mr. Jones, and the extreme Left can see that in many key public sector confrontations with the Government—for example the *miners—it is much, much easier* for the Government to talk about the sanction of redundancy than to apply it. More surprising, perhaps, is the failure of the Right to take a tougher line. Why is it that Mr. Jenkins, Mr. Anthony Crosland, Mrs. Williams, Mr. Harold Lever and Mr. Reg Prentice, to take the most obvious examples, have not been digging their toes in harder?

There is a number of answers to this question, the most obvious of which is that none of the Ministers, with the possible exception of Mr. Prentice, is, in fact, a convinced adherent of statutory incomes *policy. In particular* Mr. Jenkins, whose views on the subject, if known, would have the *most effect outside, remains* agnostic and uneasy in view of the experiences of the last Labour Government. But the real trouble is a more general one—namely the fact that the policy is a skeleton and not a fully-fleshed course of action.

A statutory policy, once it is passed, *has its own momentum;* indeed Governments, as Mr. Edward Heath found to his cost, *may find themselves the* unwilling prisoners of their own regulations. If, on the other hand, *what is proposed leaves* operational flexibility to ministers then there is no telling what they will do within its limits. In other words, a statutory policy is a tough policy: the policy which the Government is now likely to adopt may be tough or may be weak. We do not know.

Pressures

Two vital questions, in particular, are left open. One is the point at which the Cabinet's nerve breaks on unemployment. Will it be a million, a million and a quarter, or a million and a half before the political pressures on Mr. Denis Healey to reflate become intolerable? The other, still more crucial, is whether the Government's nerve will hold in public sector settlements. It does not always do so.

There were naturally some respectable arguments for giving in to the railwaymen, to take *a recent example:* but the fact remains that it was ultimately political pressure which got them the extra percentage points, *and some of those in the* Cabinet who had been talking toughest were not prepared to stick out their *necks* when the final decision was made. What has happened not once but many times before can happen again.

The outcome of the Cabinet's deliberations, therefore, *is likely* to be a package on which everyone can agree but of which *nobody knows the real weight.* The agreement itself will postpone tensions and difficulties *until the autumn or winter,* but it cannot, of course, postpone them beyond the point at which the real decisions have to be taken. What happens then is anybody's guess. Optimists may assume that the perpetual danger of the collapse of sterling will exert a discipline which may well last a twelvemonth. It is also arguable that the TUC declaration, if it can be satisfactorily hardened up, will give the Government *more* backbone and will certainly reduce the pressures upon it in a way that is decidedly unusual in these matters. The opposite assumption is that the normal tendency to buy time will be as strong as ever—and possibly stronger in a period of acute electoral unpopularity when the Government's overall majority in Parliament may well be only one.

A serious assessment of these alternatives is advisable to anyone in the foreign exchange market and to any serious politician. The necessity of making some kind of prediction is certainly essential for anyone who is in what one might call the *Break-up-of-the-System* Stakes. Mr. Jack Jones was quite wrong to suggest on Wednesday that anyone in the Cabinet is going to pull down the Labour Government and join a coalition if they do not get what they want.

Mr. Jenkins and Mrs. Williams are, I suppose, the main candidates in Mr. Jones' mind, but he ought to know that Mrs. Williams, as a member of the National Executive and a promising figure under the existing system, has a vested interest in keeping it in being. Mr. Jenkins might not refuse to serve in a coalition once the situation presented itself, but his roots and emotions are also tied up in the Labour Party to an extent which is not generally understood and he would do nothing *to bring it about. Mr. Prentice* might be another matter for he is in a desperate situation (and *if Mr. Jones' cohorts in Newham* have their way it will be more desperate still before long). But *it does not lie within Mr. Prentice's* power to bring down the Government or found a coalition.

Calculations

Nevertheless, it is still a serious question for any Minister with a sense of self-preservation whether he should remain in a Government which he can see coming to grief during the winter because of the old, old mistakes. Mr. Jenkins to take the obvious example must surely be weighing in his mind the relative advantages of staying where he is and speaking his mind in public, of staying where he is and not speaking his mind in public, of resigning now, of resigning later, perhaps even of founding a new party. Others will be making their own calculations. Some of these are wildly remote (as in the case of the *new party*) but *no one in political* life to-day is immune to these fancies and fears, and the *Government's economic package* is unlikely to put paid to them.

Letters to the Editor

Contents of the currency basket

From Mr. D. Burt

Sir,—I read with interest the *article by Mr. C. Gordon Tether* (June 24) on Special Drawing Rights. As substantial dealers in *raw commodities, our group of* companies has been watching the evolution of SDRs with great interest. The comment of Mr. Amuzegar on "calculation" of oil prices in dollars under a system in which inflation is *measured by the price of certain* commodities would be taken in account effectively sums up the situation and the problem.

We can buy and sell commodities in whichever currency our buyers or sellers require, provided there is a sufficiently large and active market in the currency. Most commodities are *priced in either $U.S. or £ sterling* because these are the two currencies in which a sufficiently large international market exists. It is conceivable that commodities could be priced in gold. It is equally possible that commodities could be priced in SDRs provided enough people wanted this and therefore there was a large enough and *active* enough market in SDRs.

Our main concern is that SDRs are represented by a weighted basket of currencies and the composition of this basket can apparently be altered by the IMF at its discretion and without prior notice. If governments and the IMF wish SDRs to be used as a unit *of* account, or effectively as a new currency, then we would like to suggest that the composition of the basket cannot be changed without giving at least 12 months' notice.

D. L. Burt,
Director,
Guinness Peat Group,
32, St. Mary At Hill, E.C.3.

Steel price cuts

From the Chairman,
Colston Appliances

Sir, — Of course the domestic appliance manufacturers are delighted at the reduction in prices of certain sheet steels which they use. But what a tangled web the Government weaves.

The industry (along with other steel users) has suffered several *swingeing steel price increases* in recent months. Because of the economic crisis the Government decides to treble the rate of VAT on most electrical appliances and, surprise, surprise, demand falls sharply. The result: *British Steel Corporation,* already in enough trouble, is forced to reduce prices in order to bolster sagging demand.

It would have made so much more sense if the Government had reduced purchasing power across the broad spectrum of goods and services by putting the standard rate of VAT back to 10 per cent., thus sharing the burden across the community and avoiding a devastating chain reaction in one sector of industry, ultimately causing the Government's own Steel Corporation even more embarrassment.

Michael Colston.
Colston House, London Road,
High Wycombe, Bucks.

Council rents v. mortgages

From Mr. J. Schofield.

Sir, — Mr Joe Rennison (June 21) *has brought up again the* question of council house rents and subsidies. He pointed out that rents have not been keeping up with inflation and that in some instances they are less in real terms than they were a few *years ago,* with the implication that this is undesirable. Of course, virtually everyone who has had a mortgage for a year or more has also found his repayments going down in real terms, but this point was not *mentioned.*

Perhaps Mr. Rennison did sense it, however, because he *was at pains to emphasise that* subsidies through the various taxation reliefs granted to owner-occupiers and mortgagors are less than those to council tenants, although greater than those given to private-sector tenants, many of whom receive no subsidy whatever from public funds. But in his calculations *Mr. Rennison has omitted one of* the most important elements of subsidy to mortgagors: that obtained from the building society investor whose capital is reduced *in real terms* and is in effect transferred to the mortgagor. This is not, of course, a subsidy from public funds, but it is a subsidy from funds belonging to *the public, and to ignore it is* to falsify the picture.

It might be argued that investors invest of their own free will, but this evades the point that in the freakish current inflationary situation, many have, in practice, no other choice of where to put their hard-earned savings. It is this element of *subsidy by transfer of wealth* which is opening up a new and serious gulf in our society, to which Mr. Crosland has recently rightly drawn attention. I suspect that when this subsidy is taken into account the average tenant's subsidy will not be found excessive relative to that of the average mortgagor.

Of course if inflation was eliminated, most, if not all, of these differences and difficulties would disappear and rents, like mortgage repayments, would relate to the original capital involved. Until this happens I *suggest that if rents are to go* up in tandem with the cost of living that first, they should, like mortgage interest, be tax deductible and, second, that mortgage debt and building society investors' credits should be indexed. We would *then be well* on the way to equality of treatment of people in different housing sectors and to dealing with Mr. Crosland's gulf as well as removing the mortgagors' vested interest in inflation.

J. M. Schofield.
Gray Gables, Middle Avenue,
Farnham, Surrey.

North Sea oil participation

From Mr. P. Jenkin, MP.

Sir,—I am astonished that Mr. Gordon Tether (June 25) totally ignores the Government assertion that it is not looking for any additional revenue from 51 per cent. participation in existing oil licences. There is, therefore, no additional financial benefit to be gained for the nation by this policy—only financial cost. The Government will have to compensate the companies for the difference between their post tax income with participation and their post tax income without participation.

Furthermore, the Government will have to find from its own resources the very substantial sums needed to provide its share of the massive investment still to be undertaken to complete development of the oil fields. Under the Petroleum and Submarine Pipelines Bill, this has all to be financed partly by fresh borrowing from the Exchequer (up to £900m.) and partly by diverting the future flow of royalties and tax revenues into the national oil account.

The question to which we have had no answer as yet is—what is in this for the taxpayer? Mr. Tether is one of those who has repeatedly argued that the Government's borrowing requirement is far too high. Yet the direct and immediate impact of the Government's participation policies is to increase it, both by aiding new Government lending to BNOC and also by depriving the Exchequer of *royalty* and tax revenues.

By all accounts, Parliament is *going to be asked to approve* some pretty savage expenditure cuts in the next few weeks. How can this possibly be reconciled with these enormous new spending commitments?

Patrick Jenkin.
House of Commons, S.W.1.

When winter comes

From Mr. D. King.

Sir,—It is interesting to realise, isn't it, that the current NALGO pay award is, no doubt as usual, an award on top of the already agreed annual increment scales that are a feature of public service employment. But, surely, a rise upon a rise is a compound recipe for disaster? And guaranteed to push public service *salaries through the roof.*

More interestingly, when the wage freeze comes (it must, mustn't it?) then these public service pay scales will not be affected if precedent is any guide. The argument from both employed and employer being that the whole thing is too set and stratified to be upset by a *passing phenomenon* like a wage freeze.

So our public service staff continue getting their annual rises, although not increases thereon, when everyone else is frozen.

David M. King,
87, Burgery Road, S.E.6.

A brake on inflation

From Mr. H. Lawless.

Sir, — When will they ever learn? So many people bury their heads in the sand when the question of incomes control and inflation is under consideration. It should be obvious by now that distrust *of* employers, Government, and union leaders on this question is now endemic in the workforce, and that there is little prospect of voluntary or statutory policies on a national scale ever really succeeding. It is a matter even *more fundamental* to workers than the U.K. entry into the EEC problem, and as with that question, a fundamentally different approach has to be sought.

The truth is that no one wants their *income restricted and if it* is so limited then they suspect that others will simply take up the slack—benefiting at their expense. What is more, there is a good deal of evidence to support this view, and when the next crisis-turn of the cycle occurs—who is asked to make the sacrifice again? Workers suspect that they know the answer to that *one, and no amount of Government* persuasion will work because that is now a devalued and discredited instrument.

Is there an answer other than the total breakdown of our society as we know it? I believe that there is, but it would have to start at the grassroots. The problem is not that of simply *putting the foot down* on the economic brake, but a matter of steady de-acceleration. Agreements at corporate level not to implement a negotiated wage or salary increase *for a period of* X months in return for a prices standstill for the same period—backed by agreed penalties (such as back pay times X) if an employer reneges, and supported by Government remission of between 5 and 10 per cent. of Corporation and Income Tax to *both firm and employees might* just do the trick. The remission of tax could be financed by a *penalty tax of the same amount* to those who are not parties to such agreements. The longer the standstill period, the less the annual percentage would be (30 per cent. negotiated for a year, and only paid for six months is only 15 per cent. per annum). Thus inflation will slow down, and those increases will be less *necessary next time round.*

H. Lawless, Senior Lecturer,
The Polytechnic,
Queensgate,
Huddersfield.

Bread and cake

From Mr. F. N. Robinson.

Sir,—Whether the proposals made by Andrew Ross (June 20) *are a practical proposition* is a matter which I am not competent to judge but he is certainly right in the underlying premise that no man wins a race by aiming for second place, that inflation will never be mastered by trying to contain it, that the only way to overcome inflation is to embark on policies which *will lead to a reduction in* incomes and prices.

Such policies must be backed by *ending that state of affairs* where those who resort to industrial action do so in the full confidence that they will hurt their fellows, companies, nationalised industries and the nation more than they will hurt themselves and their families.

Is it to be seriously doubted that the NUR men would have gladly settled for the arbitration award if they had known that a strike would have deprived them and their families of all social benefits, that we have become a strike-prone nation because Governments have continued to *cushion the consequences for* those who deliberately withhold their labour? Few men will ask their families to go hungry when not only bread but cake is to hand.

F. N. Robinson
32, Rosebery Avenue,
Bridlington.

Avoiding capital transfer tax

From Mr G. Hamilton.

Sir,—Mr A. G. Elliot (June 19) refers to advice in financial papers about taking advantage of the £1,000 p.a. per person exemption from capital transfer tax by a donor giving it during his lifetime to his children. He then *touches on the hazards of giving* large sums to young people under 30.

Pausing only to adjust my halo I hereby declare my interest as a life assurance man and wish to point out that substantial premiums can be paid under the exemptions to create a fund which can pass on the death of a donor, or earlier, to his or her children free of capital transfer tax. Perhaps, at the age when the beneficiary collects, his *judgement of the capabilities of* slow horses and fast women (or was it cars?) will be sufficiently mature to protect him from the associated hazards.

G. J. Hamilton
22, Chestnut Avenue,
West Wickham,
Kent.

To-day's Events

GENERAL

Imperial Chemical Industries management and manual workers' leaders resume pay talks. British Leyland shareholders meeting Kensington Town Hall, London.

Mrs. Margaret Thatcher, leader *of the Opposition, meets* West German political leaders, Bonn. Queen opens Royal Shakespeare Theatre Centenary Garden at Stratford-upon-Avon and in evening attends Gala Performance at Royal Shakespeare Theatre.

Royal National Rose Society Summer Show begins, Royal Horticultural Society Halls, London.

PARLIAMENTARY BUSINESS

House of Commons: Northern Ireland (Emergency Provisions) (Amendment) Bill, second reading.

House of Lords: Cruelty to Animals Bill, second reading; Mobile Homes Bill, report; Guard Dogs Bill and Litigants in Person (Costs and Expenses) Bill, committee.

OFFICIAL STATISTICS

New orders in construction industry (April).

Bricks and cement production (May).

COMPANY RESULTS

Rediffusion Ltd. (full year).

Scapa Group (full year).

Vaux Breweries (full year).

News International (half year).

COMPANY MEETINGS

Aberdeen Construction, Aberdeen, 12.

Bilton (Percy), Bilton House, Ealing, W, 12.

Costain (Richard), St. Ermin's Hotel, SW, 12.

French Kier, Waldorf Hotel, W, 11.

Harrinson (James) Holdings, Edinburgh, 12.

House of Lerose, 25, Old Burlington Street, W, 12.

Mentmore Manufacturing, Winchester House, EC, 12.

Morgan Crucible, Swansea, 3.15.

Scottish Ontario Investment, Edinburgh, 12.30.

Silentnight, Winchester House, EC, 12.

Tebbitt Group, 10, Belgrave Square, 12.15.

COMPANY NEWS + COMMENT

B. Elliott turns in £2m. increase

ON A TURNOVER up from £36.25m. to £50.35m., group pre-tax profit of B. Elliott and Co. expanded from £2.33m. to a record £4.3m. in the year to March 31, 1975, after £2.02m., against £0.8m., for the first half.

Earnings per 25p share for the year increased from 8.38p to 16.96p, and the dividend is effectively raised from 3.343p to a maximum permitted 3.625p net with a final of 1.95p.

The chairman, Mr. J. Frye, says the directors are striving to maintain the high level of profitability, but success depends largely on the success of others in bringing inflation under control and in stablising the business environment in which the company operates.

The liquid position is satisfactory, he says, and although stocks have risen, they are generally well balanced, and thus the group is in a strong position, both at home and overseas, to profit from investment by the engineering industry in new and better equipment and from new markets around the world.

In the present uncertain economic and political situation, it is especially difficult to forecast even in the short-term, but Mr. Frye expects a "good profit" in the current year, although this will not match the record just achieved.

	1974-75 £000	1973-74 £000
Gross turnover	50,375	36,248
External turnover	45,863	33,436
Trading surplus	5,378	3,374
Depreciation	691	641
Interest payable	390	407
Profit before tax	4,296	2,326
Taxation	2,058	1,151
Minority interests	563	350
Balance	1,685	825
Dividends	344	337
Special debit*	40	67
Forward	3,209	1,952
Fixed assets	5,905	3,293
Net current assets	[illegible]	6,208

*Decrease in sterling value of overseas fixed assets due to currency change (increase for 1973-74).

● comment

The rise in B. Elliott's minorities' charge and more than doubled Canadian profits suggests that roughly half of the group's 85 per cent. increase in pre-tax profits (after mid-way gains of 152 per cent.) came from overseas, where the profits contribution is now about two-fifths. However, the market has plenty to think about in a fall of 28 per cent. in new orders for the machine tool industry in the 12 months to February and a likely profits decline to £3.5m. pre-tax for the group in the current year, and this in spite of the stability afforded by its merchanting operations. As for liquidity, cash flow, including deferred tax of £1.3m., covered working capital needs of £3.1m., but net borrowings have risen from 50 per cent. to 55 per cent. of shareholders' funds. At 45p the yield is 12 per cent., covered 4.3 times on a full tax charge.

HIGHLIGHTS

The latest rights issue, from Mitchell Cotts, takes the form of a 13 per cent. Convertible Loan stock and will raise some £4.6m. net. Results from Associated Television reflect the decline experienced by the ATV Network and the fall in profits brings a reduction in dividend. In bright contrast Racal Electronics has achieved profits topping best market hopes, which put the shares 4p better on a day when all around were slipping (the Lex column comments on the foregoing). At half-time Kenning Motor can report a promising start but warns that the year's outcome may be a decline in profits. Record trading by B. Elliott has produced near-doubled profits but here also there is a caution that the current year may not match these figures. However, Sheepbridge profits are well up with a good order book in hand, and there is a cheerful picture at J. W. Spear.

T. Marshall Investments profit held

BECAUSE NEW factories took longer than envisaged to reach full production, second-half pre-tax profit of Thomas Marshall Investments declined from £575,000 to £510,000, but the year-end total is up slightly from £1.13m. to £1.15m. for the year to March 29, 1975.

At half-time the directors forecast that profits growth would be maintained in the second six months.

Due to planned tax benefits, stated earnings per 25p share for the year are up by 26 per cent. from 11.7p to 14.7p and the dividend total advances from 2.98p to 3.235p net—the maximum permitted—with a final of 2.05p.

The chairman, Mr. Donald Parr, welcomes the proposals for improving productivity in the industry placed before the Government by the Clothing Economic Development Council.

In the past three years the group has invested £1.5m. in U.K. clothing manufacture and supports the EDC view that the way to reduce the clothing trade gap between U.K. production and U.K. demand is through increased investment in advanced technology equipment to produce at lower costs and thus reduce naturally the sucking in of cheaper imports rather than the setting up of artificial tariff barriers.

	1974-75 £000	1973-74 £000
Turnover	17,939	14,917
Profit before tax	1,149	1,133
Tax	412	522
Minorities	25	46
Pref. div.	4	4
Available	708	562
Ord. div.	156	144
Retained	552	418

The group's cash flow has benefited substantially from deferment of tax on stock relief and the tax charge itself has benefited from past tax losses available in a subsidiary company and from tax allowances on new buildings. Retained profits have increased consolidated reserves by 31 per cent. to £2.3m.

● comment

Losses at its two new factories have caused Thomas Marshall's 1974-75 profits to fall just short of the half-time target of £1.3m. pre-tax. Sales value rose by roughly a fifth last year and the group is still apparently enjoying a steady rate of demand despite the difficulties being experienced by many other clothing manufacturers. The main reason for this appears to be Marshall's almost total concentration on six very large customers, among which is Marks and Spencer which takes around 40 per cent. of total output. With a first contribution due to come through from the two new factories the current year profits should show a significant increase. So, given that the group's financial position is still sound with borrowings around £400,000 lower at the year end and with cash flow boosted by stock appreciation tax relief, to the tune of £708,000, the shares which at 40p yield 13.1 per cent., are not without some support.

Costs hit Shaw Carpets

FROM record sales of £17.62m., against £14.41m., group pre-tax profit of Shaw Carpets contracted from £1.06m. to £0.83m. in the 53 weeks to May 2, 1975, after a downturn from £0.53m. to £0.37m. at halfway, reflecting cost pressures.

Prospects for the current year are not encouraging but the Board believes the company is well placed to withstand the difficulties presented by the prevailing and envisaged conditions, it is stated.

Earnings decreased from 5.6p to 3.4p per 10p share. The dividend is raised from 1.884p to a maximum permitted 2.0736p net with a final of 1.1986p.

During the year there was a significant improvement in liquidity with net current assets topping £1m. for the first time.

	*1974-75 £000	1973-74 £000
Third party sales	17,622	14,405
Trading profit	1,974	1,931
Depreciation	785	624
Interest	355	218
Profit before tax	834	1,059
Taxation	†505	561
Net profit	329	498
Extraordinary debit	—	183
Preference divs.	25	28
Ordinary	175	158
Retained	123	129

*53 weeks. †Includes £62,000 in respect of difference in tax rate between amount repaid under stock appreciation provisions and amount liable to be clawed back.

● comment

Trading profits at Shaw Carpets have edged ahead slightly but after a 62 per cent. rise in interest charges, pre-tax profits have fallen by 21 per cent. In the light of recent results from the carpet sector this seems reasonable and the group's move into tufted printed carpets, now some 75 per cent. of sales, has proved to be timely. No immediate recovery in U.K. demand is in view and exports, which fell from 20 per cent. to a sixth of total sales last year, have lost their earlier buoyancy. However, bank borrowings, which peaked in the middle of the year, had fallen from £2.14m. to £750,000 by the year end, a level which the company expects to maintain at a considerable saving in interest charges. Despite this and a cover of 1.6 times, the market continues to be wary of the shares which at 18p yield 19.2 per cent.

Stead & Simpson pays more

GROUP PROFIT, before tax, of Stead and Simpson decreased slightly from £1.38m. to £1.36m. in the year to March 31, 1975, after £716,000 (£712,000) for the first half. Turnover for the year increased from £10.79m. to £12.59m.

Earnings per 25p share were down from 3.5p to 2.91p. The dividend is effectively raised from 1.92667p to 2.09389p net with a final of 1.59389p.

	1974-75 £	1973-74 £
Footwear turnover	8,543,477	7,234,254
Motor trading	4,044,103	3,555,176
Total turnover	12,587,580	10,789,430
Profit before tax	1,358,536	1,382,602
Corporation tax	606,344	509,363
Deferred tax	72,308	117,197
Net profit	685,984	756,057
Extraordinary credit*	89,968	—
Dividends	482,714	†502,300
Retained	236,238	253,357

* Surplus on disposal of a property. † Included special £96,400.

Sir Lew Grade, chairman of Associated Television Corporation which yesterday reported profits down from £7.27m. to £5.75m. for the year ended March 31, 1975.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assoc. Paper Mills ...int.	1.0	July 30	0.9	—	2.05
ATV	2.05	—	3.04	3.9	5.13
Blundell-Permoglaze int.	0.67	Sept. 26	0.67	—	2.21
Bradwall Rubber	2.01	Aug. 8	1.84	2.01	1.84
Brickhouse Dudley	1.15	—	1.03*	1.75	1.61*
Comben Group	0.9(a)	—	2.33	1.35	2.8
B. Elliott	1.95	—	1.88*	3.63	3.34*
English & Int. Trust	2.1	July 25	2.1	3.15	3.15
Graham Wood Steel	0.19	—	0.94	1.69	1.5
Hardys & Hansons ...int.	[illegible]	Aug. 6	1.4	—	4.7
Kenning Motor ...int.	1.3	Oct. 1	1.34	—	3.17
London & Midland Inds.	2.2	—	Nil	3.7	Nil
T. Marshall Invsts.	2.05	—	1.88	3.24	2.98
Pleasurama ...int.	0.67	Oct. 1	0.67	—	1.55
Racal Electronics	1.99	Aug. 9	1.86	2.85	2.62
Shaw Carpets	1.2	—	1.01	2.07	1.88
Sheepbridge Eng.	1.8	Aug. 5	1.65	2.85	2.63
Sidlaw ...int.	1.0	Aug. 15	1.0	—	4.9
J. W. Spear	1.21	Aug. 1	1.11	1.87	1.72
Stead and Simpson	1.6	Aug. 5	1.46*	2.1	1.93*
Trustees Corporation	1.75	July 30	1.66	2.05	2.35
Warwick Engineering	0.26	July 28	2.1	2.36	2.1
Websters Publications int.	0.27	Sept. 30	0.25	—	0.62

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. (a) Scrip option provided.

Peak £1.3m. and scrip by J. W. Spear

ANNOUNCING pre-tax profit up by 33 per cent. to a record £1.29m. for 1974, the directors of J. W. Spear and Sons, games and toy manufacturers, report a "very healthy" order book at the present time.

At halfway, when pre-tax profit was up from £287,602 to £479,068, they said a similar increase could not be expected in the second half. In the event profit in the second six months was £810,094 (£681,744).

As materials are no longer scarce, they now look forward to "satisfactory results for 1975, unless costs continue to rise sharply or the general economic climate becomes much worse."

A one-for-three scrip is proposed, as well as an increase in in the authorised share capital from £850,000 to £1.25m. With the scrip, the Ordinary shares will have obtained wider-range investment status under the Trustee Investments Act, 1961.

Stated earnings per 25p share are up from 17.85p to 20.63p and the dividend total is up from 1.71904p to 1.867p net, the maximum allowed, with a final of 1.207p.

The directors say that demand for the company's products in 1974 was very strong; it exceeded supply, which was limited at times by shortage of materials and labour.

	1974 £	1973 £
Group sales	3,598,939	2,745,347
Trading profit	1,135,447	853,801
Share of associates	153,367	103,340
Exceptional items	16,348	12,205
Group profit before tax	1,289,162	969,346
Taxation	‡664,302	432,277
Profit after tax	624,860	537,069
Extraordinary item*	335,308	13,077
Dividends	56,495	51,685

* Relates to cost of acquisition of Enfield Stone Company being in excess of the professional valuation of £325,010 at December 31, 1974. ‡ Includes £59,650 deferred tax.

● comment

J. W. Spear has moved from a half-time position of profits and sales up by two-thirds and 42 per cent. respectively, to rises of roughly 32 per cent. in both respects for the year—in other words, margins have recovered in the second half of 1974 to leave twelve month profitability intact. At the same time the group has managed to achieve this sort of growth with no resort to bank borrowings. Scrabble has remained the money spinner both at home and abroad (particularly in France) and the signs for the current year are that, apart from sales growth through price increases, progress is also being made on the volume front. Five years of unbroken profit growth still mean something, as reflected in the yield of 2.6 per cent. at 110p.

PANEL TURNS DOWN CREST APPEAL

The full City Takeover Panel has turned down an appeal by Crest International against a ruling by the Panel executive that Ashbourne Investments need not seek shareholders' approval before assenting its holding of 24.88 per cent. of Argentine Southern Land Company to an offer for ASL by Great Western Corporation.

Following this ruling, Mr. Lionel Casper, representing substantial interests in Ashbourne and who has been opposing the GWC deal, said that to avoid ASL shareholders becoming minority members in a company controlled by undisclosed non-U.K. residents, he reluctantly recommended shareholders to accept the GWC offer.

Bradwall Rubber progress

Pre-tax profit of the Bradwall (FMS) Rubber Estates increased from £266,414 to £484,854 in 1974, and the dividend is stepped up from 1.8425p to 2.0099p net per 10p share.

Bradwall and Staffield Estates were revalued last August at £1,941,954 which gave rise to a surplus on revaluation of £1,742,306 which has been transferred to capital reserve. A provision for a contingent tax liability of £172,000 has been made.

Staffield Estate has subsequently been sold and the sale proceeds, after expenses, of £332,699 were received in London on June 4. This figure is 16 per cent. or £45,960 above the revaluation.

	1974 £	1973 £
Profit before tax	484,854	266,414
Replanting	27,023	14,329
Taxation	256,728	136,104
Net profit	201,103	115,981
Net surplus sale Permas Estate	—	1,882,578
Tax credit	21,655	—
Dividend	68,896	63,157
Forward	2,169,144	2,003,282

English and Intl. Trust

Revenue after tax of English and International Trust is little changed at £321,183, against £321,411, for the year to April 5, 1975.

A final dividend of 2.1p net keeps the total at 3.15p per 25p share, as forecast in November last year. The net asset value per share is 84p (88p) on the basis that convertible loan stock is wholly converted.

Tax takes £247,997 (£189,259).

BRITISH LION

BRITISH LION, after announcing on Wednesday that shareholders in Lion International had approved the sale of British Lion Films, yesterday stated that approval has still to be received as the shareholders meeting takes place on Monday, June 30.

ASSOCIATES DEALS

Charterhouse Japhet yesterday bought on its own account 165,000 Sealed Motor Construction at 44½p and 255,000 at 44¼p. Joseph Sebag and Co. bought on behalf of Adwest Group 60,000 SMC at 44p.

Boys-Stones Simpson and Spencer bought 35,000 Wright Scriven at 13p on behalf of Ferguson Industrial Holdings.

Christopher Barber and Wostinholm (Northern) bought 4,800 Daniel Doncaster and Sons at 89p for an associate.

English phones are all STD

ENGLAND'S sole surviving manual telephone rang for the last time at Abingdon yesterday. The 6,100 telephone subscribers were transferred to a brand-new £800,000 automatic direct dialling exchange of the latest type, known as crossbar, with a capacity of 7,000 lines.

Fisons plans for growth

FISONS, the chemicals and pharmaceuticals group, is expecting its net profits in 1975 to at least equal the average inflation rate in the 132 countries in which it operates, said chairman, Mr. George Burton.

Speaking in Frankfurt, where the company is aiming to obtain a share quotation (and also in Dusseldorf), Mr. Burton nonetheless declined to forecast the year's turnover or earnings per share.

It was aimed to achieve profits not only through pure sales growth but also through research and marketing of new fertiliser, pharmaceutical and agro-chemical products.

Mr. Hans-Otto Thierbach, a director of Deutche Bank, which is handling Fisons' flotation, said Fisons net profits this year should be up by between 12 and 15 per cent., while Mr. Ronald Bounds, Fisons' finance director, said there was no intention of raising a Mark foreign loan and that the company had no need of further funds at present. However, a widespread share quotation was needed to increase Fisons ability to raise money and to introduce it to the investment public, he added.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims: Chown Securities, Dunford and Elliott, Grange Trust, Lookers, News International.

Finals: Bishop's Stores, Calmore Investments, Kleen-E-Ze, Mason and Burns, Property Investment and Finance, Rediffusion, Scapa Group, Stalt Carding, Vaux Breweries, F. Wrighton.

FUTURE DATES

Interims—	
Barranquilla Investments	June 30
Granada	June 30
Jenks (A. E.) and Cattell	July 2
Robinson Rentals	June 30
Finals—	
General Electric	July 2
Kimpher	July 8
Lennons	July 1
Morgan Edwards	July 9
Property Partnerships	June 30
Ultra Electronics	July 3

STERN GROUP

At the meetings of creditors of 66 companies in The Stern Group convened by the Court, resolutions approving the scheme of arrangement were passed by the requisite majorities in the case of all companies with the exception of Moorgate Properties.

Petitions will be submitted to the Court to sanction the scheme in respect of all companies (except Moorgate Properties) subject to the necessary assents being obtained from the secured creditors.

Kenning Motor first half rise

FIRST HALF (to March 31, 1975) of Kenning Motor Group increased turnover from £59.7m. to £69.3m. and Pre-tax profit rose by 3 per cent. to £1,601,000.

Despite this promising beginning the chairman, Mr. G. Kenning, is keeping to his March forecast of a probable decline in the year's profit, but, he says, it is impossible to predict the extent of any shortfall.

Regular price increases on new vehicles and other goods are engendering sales resistance. Charges from suppliers and from the public services are increasing and substantial increases in wages and salaries have to be absorbed, he points out.

However, the liquid position continues to be a source of strength, the chairman adds.

First half earnings per 25p share are unchanged at 3.3p basic and 2.9p fully diluted. The interim dividend is maintained at 2p a share gross, or 1.3p (1.34p) net. For the year to September 30, 1974 a total of 3.16575p was paid from a pre-tax profit of £3.57m.

● comment

Despite a small first-half increase, Kenning is still sticking to its original forecast of some overall decline. This, after all, is not surprising since the figures do only includes three months of 1975. Throughout this year, registrations have continued to slide to the point that it is now extremely unlikely that the higher margins and profitability being obtained on a lower volume of used car sales will offset the shortfall on new car sales. A limited increase in interest charges does, however, indicate that the improved liquidity position seen last year has been maintained. That obviously gives Kenning a much stronger hand to weather the current recession. The shares at 36½p yield 13½ per cent.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. ♦ Amount	Times covered	Gross Yield	P/E Ratio
4	F.P.	—	172	165	Akroyd & Smithers	165	......	—	—	—	—
46	F.P.	11/7	56	48	Clive Discount (20p)	48	−2	15	—	9.6	—
4	F.P.	—	£22¼	£17¼	Cont.Can. Inc. $U.S.1	£18⅝	+¼	$1.8	—	4.5	—
£1.82	F.P.	30/5	330	305	Duelkraal Gold Mining	360	+15	—	—	—	—
—	F.P.	—	164	150	Ewart New Northern	151	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	100	98⅝	Agricultural Mortgage 11% 1976	100	......
‡£100	£95	11/6	55¼	39	Allied Irish 10% Conv. Cnv 1985	41½p	......
$100	F.P.	—	$100	$100	Barclays Bank Int. 9¼% Capital Notes 1982	$100	......
£97½	£10	—	10	9¾	City of Westminster 13% Red. St. 1981	10⅛	+⅛
£100	F.P.	11/7	103	101	Colne Valley Water 9% Red. Prf. 1980	101½	......
‡£100	£10	—	11¼	11¼	East Surrey Water 9% Red. Pref. 1980	11¼	......
£100	F.P.	—	£105	£104	[illegible] Finance (U.K.) 9% Cnv Gtd Uns Ln. 85-90	£104¼	−½
£100¼	£10	31/7	11¾	11½	Folkestone Dist Water 9% Red Prf. 1980	11¾	......
[illegible]	F.P.	6/6	132	121	Gestetner 10% Conv. Uns. '90/95	125	−1
£98	F.P.	—	[illegible]	[illegible]	Granges 9% Bonds 1985	[illegible]	......
£99	F.P.	30/5	102½	98¼	Lincoln Corp. 13% 1980	100¾	......
[illegible]	F.P.	10/5	105½	101	Mid-Kent Water 10% Prf. 1980	101½ xd	......
—	F.P.	28/5	105½	101½	Mid-Southern Water 10% Prf. 1980	101½ xd	−½
$100	F.P.	—	$102½	$101½	Norsk Hydro 9¾% Bds. 1985	$102¼	......
£100	F.P.	21/5	125	108	N. Atlantic Secs. 11% Cnv. 85-95	111	−3
£100½	£10	31/7	11¼	11	N. Surrey Water 9% Red Prf. 1980	11¼	......
‡£100	Nil	—	5	4	Prop. Hldgs. & Inv. 9% Conv. '90/95	5pm	......
[illegible]	F.P.	—	108¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104	......
£99¼	£45	1/8	48¼	45½	Southend-on-Sea 12¾% 1981	44	......
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	101½ xd	......
—	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	......
£99¼	F.P.	11/7	99¼	98¼	Warwickshire 12½% Red. Stk. 1980	99¼	......
£1	F.P.	24/6	110p	98p	Waterford Glass 10% Conv. Cum. Red. Pref.	100½	+½
—	F.P.	14/2	[illegible]	[illegible]	Worth (Bean) 12% Conv. Uns.	52	......
‡£100	£50	2/10	57	57	Yorks Chems. 12¼% Conv. Uns	51	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	Latest Renunc. Date	Stock	Closing Price p	+ or −
58	F.P.	16/5	2/7	Associated Biscuit	55	−5
45	F.P.	20/6	6/8	Associated Engineering	51½	......
25	Nil	—	—	Barrow Hepburn	9pm	−5
85p	Nil	2/7	1/8	Bell (A.)	9pm	......
46	Nil	—	—	Boc Intl.	2pm	......
£100	Nil	—	—	Borel (Jacques)	245pm	......
40	Nil	3/7	8/8	Carless Capel	20pm	......
A$1.50	Nil	2/7	7/8	Commercial Bank of Australia	80pm	−4
45	F.P.	26/6	25/7	Duport	44¾	−¼
25	F.P.	15/6	11/7	Elliott Grp. (of Peterboro)	34	......
65	Nil	—	—	Ever Ready	6pm	−1
[illegible]	Nil	—	—	GEI Int.	3pm	−1
200	Nil	—	—	Glaxo	130pm	−8
17	Nil	—	—	Gordon Johnson-Stevens	1½pm	......
52	F.P.	16/6	11/7	Hawkins & Tipson	65	......
25p	F.P.	24/6	18/7	Hestair	46	−2
40	F.P.	13/6	11/7	Macarthys Pharm.	49	+1
100	F.P.	11/6	11/7	Marshalls Universal	104	−1
Kr280	Nil	12/7	—	Norsk-Hydro	$24½pm	......
10p	Nil	2/7	8/8	NSS Newsagents	27pm	......
60	Nil	—	—	Nurdin Peacock	16pm	−1
25	Nil	—	—	Phoenix Assurance	11pm	−5
8p	Nil	—	—	Premier Cons. Oilfields	4pm	+½
105	F.P.	19/6	17/7	Prudential Ass.	114	−5
47	F.P.	4/6	16/7	Richard & Wallington	50	......
20	Nil	—	—	Root Harvesters	5½pm	−½
27½	Nil	—	—	Serck	3½pm	−2
300p	F.P.	—	—	Siebens Oil & Gas UK	586	−18
75	F.P.	20/6	18/7	United Biscuits	87	−2

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. s Forecast dividend: cover based on previous year's earnings. T Figures assumed. ! Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ‡ Issued by tender. ❋ Offered to holders of Ordinary shares as a "rights." ♥ 250 S.Afr cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≠ With warrants.

Racal beats forecast with record £9½m.

COMPARED WITH the March forecast of a pre-tax figure in excess of £8m., Racal Electronics reports a jump of 53 per cent. from £6.25m. to £9.56m. in profits for the year ended March 31, 1975.

Turnover, net of associates, showed an increase of 45 per cent.—from £34.62m. to £50.22m.

Earnings per 25p share are stated to be up from 12.15p to 19.49p.

The dividend is raised by the maximum permitted — from 2.6175p to 2.847p, with a final of 1.997p. A one-for-one scrip issue is also proposed.

£1.5m. by Brickhouse Dudley

AGAINST AN indicated £1.42m., group pre-tax profit of Brickhouse Dudley increased from £1.15m. to £1.5m. in the year to March 31, 1975, after £0.71m. (£0.46m.) for the first half. Turnover for the year expanded from £8.23m. to £13.01m.

Earnings per 10p share rose from 4.05p to 4.48p, and the dividend is effectively raised from 1.6065p to 1.7433p net with a final of 1.15172p.

	1974-75 £	1973-74 £
Group turnover	13,010,000	8,226,000
Profit before tax	1,500,958	1,150,346
Net profit	671,976	*551,397
Tax charged	826,974	596,949
Dividends	261,515	228,922

* Stated after pre-acquisition profit adjustment of £9,202.

The increased turnover arose as a result of the policy of expansion in both the merchanting and foundry divisions, says the chairman, Mr. J. Goodridge.

He reports that since the end of the financial year, there has been a continued downturn in the building and civil engineering industry, but up to the present moment all the foundries have been working full time on an extremely short order book. But the signs are that the lowest point has been reached and there is every indication of an upturn in the industry.

If this pattern continues, the chairman feels that profits for the current six months could well be in line with those of the comparable period of last year.

Setback at Blundell Permoglaze

REFLECTING DIFFICULT trading conditions in the professional sector of the home decorative market and the delay in increasing prices, pre-tax profit of Blundell-Permoglaze Holdings fell from £473,455 to £272,013 for the half year to April 30, 1975.

The interim dividend is held at 0.67p net, absorbing £42,677. Last year's total was 2.21p paid from record profits of £1.17m.

Chairman Mr. N. G. Bassett Smith says that although the present economic climate makes even short-term forecasting difficult, the Board anticipates that second half profits will be similar to those in the corresponding period of 1973-74.

In the longer term the company, which manufactures paint and has factories at Hull and Birmingham, can look forward to an increasing contribution from recent acquisitions in Ireland and Preston. But these profits will not be significant this year, the chairman says.

By the end of 1975 a two-year expansion programme at the Hull factory will have been completed on target. "We anticipate cost benefits from this major capital expansion," Mr. Bassett Smith tells members.

Because of liquidity pressures merchants have tended to reduce their stocks, contrasting strongly with the corresponding period of 1974 when the threat of raw material shortages and restricted paint supplies and sharply rising costs led to considerable stockpiling. Although raw material costs have not risen at the same rate as in 1974 salaries and wages have been increasing at a greater rate in the past half year, he points out.

Sales to the lower margin public sector were higher and export sales continued to expand—particularly in the Middle East—and this division increased its profits. Business in the higher margin lines was increased by the industrial division which had a "very satisfactory" year. And a firm base for future profitable expansion has been secured by the Scottish merchanting division which opened new branches in Edinburgh and Dundee.

Arrangements are now at an advanced stage with Finance Corporation for Industry, for a 10-year £1m. loan, on terms satisfactory to the company, the chairman reports.

	Half-year 1974-75 £	1973-74 £
Sales*	4,611,048	3,575,833
Trading profit	300,929	466,504
Depreciation	70,993	61,665
Share of associate	42,077	66,816
Profit before tax	272,013	473,455
Tax	119,600	212,500
Associate tax	26,574	45,196
Attributable	125,339	214,759
Prefd. dividend	828	828
Attributable to Ord	124,511	213,931

* Excluding Blundell Eomite Paints.

Results for half year 1973-74 adjusted to show figures for Blundell Eomite on comparable basis although throughout 1973-74 group share of profits and tax shown was 59.4 per cent. compared with 26.2 per cent. in 1974-75. Results do not include any figures from recent acquisitions in Ireland nor in building chemical field, as these transactions had not been completed at April 30, 1975.

Increase at Graham Wood Steel

STEEL STOCKHOLDERS and structural steel engineers, the Graham Wood Steel Group, reports an expansion in turnover from £5.35m. to £6.32m., and an increase in taxable profits from £360,277 to £404,950 for the year to March 31, 1975.

At half-way, when profits were some £64,000 ahead at £242,000, the directors said that, given similar trading conditions in the rest of the year, they expected that full-year profits would "comfortably exceed those for 1973-74."

Full-year earnings are shown to be up from 4.09p to 4.48p per 20p share. The dividend total is lifted from 1.498p to 1.656p net with the maximum allowed final of 0.158p.

Sidlaw midway downturn

FIRST HALF (to March 28, 1975) pre-tax profit of Sidlaw Industries decreased from £434,000 to a "disappointing and below budget" £310,000, on a turnover up from £17.28m. to £20.33m.

The results reflect the poor trading conditions within the textile industry world-wide, and also a lower level of activity in North Sea Exploration than was generally anticipated, says the chairman, Sir John Carmichael.

The latter situation, which continues, stems from the new problems facing the risk-takers, arising not only from the announcement of Government actions and intentions, but also from the high rate of inflation, he adds.

Sir John stresses that it would be imprudent at this time to forecast the outturn of the year because of the uncertainties in world-wide economic conditions. "However, provided the situation does not deteriorate further, I shall be disappointed if the results for the second half do not show a modest improvement over those for the first half," he declares. Profit for the year to September 27, 1975 was £1.01m.

As before the interim dividend is 1p net per 30p share. Last year's total was 4.89937p.

	Half year 1975 £000	1974 £000	Year 1973-74 £000
Company & subsid. sales	18,721	15,782	30,151
Share associates	1,610	1,493	7,909
Total turnover	20,331	17,275	38,060
Company & subsids. profit	725	540	1,021
Share associates	59	248	497
Total profit	784	788	1,518
Interest charges	474	354	504
Profit before tax	310	434	1,014

The effect of the trading conditions on the group's activities was varied. Operating results of the textile division, the oil services and engineering division and the hardware and packaging division were all better than for the corresponding period last year, but the latter included the period of three-day week working.

However, the results of the textile associate companies were much more disappointing, both in the U.K. and in the U.S. Moreover, interested charges were higher.

Total borrowings were maintained close to the level prevailing at the end of last year despite further capital expenditure incurred in bringing the South Bay marine base at Peterhead nearer to completion. Opportunities for reducing borrowings and improving liquidity exist and are being pursued, says the chairman.

LMI recovers to £1.26m.

AFTER A turnround from a loss of £519,000 to a profit of £510,000 for the first half, London and Midland Industries finished the year ended March 31, 1975 with a record pre-tax surplus of £1.26m., compared with a loss of £447,000 in 1973-74, which was struck after net losses of subsidiaries sold in that year of £1.37m.

Earnings per 25p share are shown at 11.2p against a loss of 12.5p, and a final dividend of 2.2p brings the total to 3.7p net. There were no payments for 1973-1974.

	1974-75 £000	1973-74 £000
Sales	12,248	9,774
Subsidiaries sold	—	2,028
Profit before tax	1,259	*447
Taxation	646	186
Minority interests	11	12
Extraord. credits	48	73
Profit re-val. of props.	—	411
Attributable	650	*141
Preference dividends	†11	1
Interim Ordinary	78	—
Proposed final	115	—
Retained	426	*143

* Loss † Including arrears.

The directors say that in a period of considerable inflation the group's borrowings during the year have been reduced. Loan stocks outstanding have been reduced from £1.65m. to £1.43m. at March 31, 1975. The bank overdraft of £928,000 compares with £1,115,000 at the same date last year, and the company is operating well within its facilities.

The group continues to draw strength from the range of its activities, and the relatively compact size of each operation, members are told. With the current rate of activity continuing, it has made a good start to the new year and intends to test further opportunities for sales in new and wider market areas which can produce further organic growth. While in the present economic circumstances attempts to forecast are somewhat hazardous, given some encouragement in the private sector for reasonable conditions, the directors remain optimistic that the group can again show very satisfactory results in the current year.

● comment

Stripping out the previous year's hive-offs shows London and Midland's 1974-75 profits to be 36 per cent. higher before tax on a 25 per cent. rise in sales. Virtually all the improvement came from the engineering side, with the consumer products side just holding its own. This reflects an extensive restructuring operation which has resulted in new management being introduced to certain engineering companies. Orders on the engineering side are continuing to increase in the current year and the group is now hoping to boost consumer product sales by concentrating on exports: last year these rose by roughly 50 per cent. to a tenth of total sales. The group traditionally works from very short order books and this makes forecasting current year profits difficult, but there so far appears to be no reason why 1975-76 should not at least consolidate last year's profits position. At 37p the shares are yielding 16.3 per cent.

Amalgamated Industrials optimistic

Trading of Amalgamated Industrials has continued at a very satisfactory level so far in the current year, chairman Mr. A. T. Smith says in his annual statement.

All the companies have performed as well, or better than, could be expected.

The directly controlled subsidiary companies continue to trade profitably and improved results are expected from the two associates, Derriton, which manufactures and markets electronic equipment and has interests in technical publications, and Herbert Morris, which makes electric cranes, lifting and foundry equipment, linear motors and control gear.

The financing of the very substantially increased turnover which has resulted partly from the effects of inflation and partly from the increased activity of the group's companies has not proved an easy task, Mr. Smith adds.

The company's share price in the market stands well below par value and therefore a rights issue is clearly not possible while the sharp fall in the market value of the group's listed securities has adversely affected the net tangible asset value thereby negating for the time being a secured or unsecured loan stock issue.

In the absence of further sources of external finance the group will be forced to finance growth from internal revenues, Mr. Smith says.

In spite of this the Board recommends maintenance of the dividend though this is only possible because of the benefits accruing to the company by way of the deferment of tax on stock increases.

Should this concession be discontinued and bearing in mind the paramount need to preserve liquidity margins it would be very difficult to maintain any distribution at all to shareholders, the chairman adds.

As reported June 12 consolidated pre-tax profit increased from £1,104,000 to £1,170,000 for the year ended December 31, 1974. The dividend total is reduced from 1.0275p to 1.005p a share net.

The ultimate holding company is Bryanston Finance.

Meeting: Winchester House, EC2, July 10 at noon.

First half £175,000 by Pleasurama

Excluding the result of an associated company of £66,000 in the first half of the year 1973-1974, pre-tax profit of Pleasurama, the entertainment and amusement group, went ahead from £36,000 to £175,000 during the six months to March 31, 1975.

The directors say that although it is too early to give a firm profit forecast for the year, trading to date suggests that the group will produce improved results from activities under its own control.

The interim dividend is held at 0.67p net.

In the year to September 30, 1974, Mayfair Casinos was treated as an associated company. However, the directors state, Pleasurama has alleged a breach of the shareholders agreement by Chippa, the majority shareholder in Mayfair. Pursuant to terms of that agreement, Pleasurama has served on Chippa a notice to purchase Pleasurama's 25 per cent. shareholding at a price which values the business in accordance with a formula determined in the agreement.

In these circumstances this interest has been treated as a trade investment and not as an associated company. Results of Mayfair for 1974 are shown separately and the loss as shown in internal management accounts which would have been attributed to Pleasurama for the half year to March 31, 1975 was £185,352. These accounts are being disputed by Pleasurama.

The increase in earnings from trading activities under Pleasurama's own control has more than replaced the profits earned at this time last year by the former associated company, they add.

Including £232,530 share of the associated company, pre-tax profit for the full year to September 30, 1974 was a record £650,033. Dividends totalled 1.55p net.

	Half year 1975 £000	1974 £000	Year 1973-74 £000
Turnover	1,885	1,330	3,747
Trading profit	175	36	417
Share of assoc.	—	66	232
Pre-tax profit	175	102	650
Group tax	56	19	196
Assoc. cos. tax	—	—	104
Net profit	97	83	356
Minorities	19	15	42
Int. div.	42	41	95

Comben down to £1.51m.

FROM turnover up slightly from £13.06m. to £13.47m., pre-tax profit of Comben Group, private estate developers and house builders, declined from £3.3m. to £1.51m. for the year to March 31, 1975.

At halfway the directors said that provided sales continued at the then current level, profitability in the second half was expected to be comparable with that achieved in the first six months. Second half pre-tax profit turns out to be £802,605, compared with the first half's £705,385 (£1.92m.).

Now, the directors say they are confident that profits in the current year "will show some recovery."

Earnings per 10p share are shown to be down from 7.1p to 3.7p and a final dividend of 0.9p net, payable in cash or shares, lowers the total from 2.8p to 1.35p.

The ultimate holding company is London Merchant Securities.

	1974-75 £	1973-74 £
Turnover	13,470,002	13,065,901
Profit before tax	1,507,990	3,300,442
Tax	824,415	1,725,800
Net profit	683,575	1,574,642
Minorities	38,922	—
Attributable	644,653	1,574,642
Dividends	312,441	622,501
Transfer to reserves	332,212	952,141

ATV down by over £1½m.—dividend reduced

SECOND HALF profits of Associated Television Corporation showed a reduction from £3.93m. to £3.31m., leaving a total for the year ended March 30, 1975, down by £1.52m. at £5.75m.

Earnings per 25p "A" Ordinary unit are stated to be down from 8.64p to 6.56p.

The dividend on the "A" Ordinary is reduced from 5.1257p to 3.9p, with a final of 2.05p. Holders of the £1 Ordinary shares receive 15.6p (20.5p).

The directors explain that the fall of profits for the year ended March 30, 1975, is due to the decline experienced by ATV Network and to higher finance charges related to the greatly increased investment in feature film production. This decline was partly offset by excellent results from other divisions, particularly records and music publishing.

They believe that the new investment in feature film production, in which they have great confidence, will be amply justified by returns expected in the financial year 1976-77.

	1974-75	1973-74
	£'000	£'000
Group turnover	60,039	54,351
Profit before tax	5,746	7,268
Taxation	3,010	3,383
Net profit	2,736	3,885
Minorities	13	70
Attributable	2,723	3,616
Dividends	1,651	2,154

Improvement at Websters Publications

In the six months ended March 31, 1975, pretax profits of Websters Publications improved from £151,000 to £160,000.

Chairman Mr. Peter Lane says he remains confident of the increasing profit forecast at the time of the last annual report but current economic conditions make it imprudent to predict the rate of profit growth in the second half of the year.

	Six months 1974-75	1973-74
	£000	£000
Profit before tax	160	151
Taxation	83	78
Net profit	77	73
Minority interests	11	10
Attributable	66	63

An interim dividend raised from 0.246225p to 0.268734p is declared. For 1973-74 a total of 0.615225p was paid from profits of £384,366.

Associated Paper on target

IN LINE with the March forecast first half profits of The Associated Paper Mills were little changed at £761,614, compared with £796,060, on a turnover up from £10.9m. to £14.51m.

The results, achieved in difficult trading conditions, benefited from the prudent buying policy which has ameliorated the effect of higher raw material prices, the directors state.

They warn that, in the second half-year, in common with most of the industry, demand for the company's products is at a lower level. This, together with the increased raw material prices now being incurred, will reduce earnings in the second half-year below those achieved in the first half. Profit for the year to September 28, 1974 was £1,981,588

The interim dividend is stepped up from 0.9p to 1p net. It is intended to recommend a final of 1.6p making 2.6p (2.054p). The Treasury has given its consent to the payment in connection with a placing of shares.

Agreement has been reached with Wilkinson Match for the acquisition of The Peerless Gold Leaf Company, a wholly-owned subsidiary of Wilkinson. The terms agreed are that the company will acquire the whole of Wilkinson's interest in Peerless (including the indebtedness on current and loan account) for the issue of 765,958 Ordinary 25p shares each which Laing and Cruickshank has sold on behalf of the vendors. This would value the acquisition at £191,490. The shares will not rank for the interim dividend.

Peerless manufactures a wide range of blocking foils by vacuum metallising and coating of polyester film. The acquisition extends the group's activities into a new field where its existing market and technical know-how are likely to be of considerable benefit, the directors state.

Net tangible assets of Peerless attributable to Wilkinson's interest shown at March 31, 1975, were £257,000, and the loss for the year to that date was £5,000 before payment of interest to the holding company (profit £42,000).

	Six months 1974-5	1973-4
	£	£
Turnover	14,509,338	10,897,782
Profit before tax	761,614	796,060
Taxation	396,000	414,000
Net profit	365,614	382,060
Minority and Pref.	11,180	11,190
Ordinary div.	81,141	73,027
Retained	273,293	297,853

Advance at Warwick Engineering

The satisfactory outcome expected by Warwick Engineering Investments for the year to March 31, 1975, turns out to be an increase in taxable profits from £505,608 to £652,068 after £410,000 (£220,000) in the first half.

Earnings per 20p share are given as 8.88p (6.64p) after extraordinary items, 4.08p (6.64p) before such items, and 5.64p (4.78p) adjusted to reflect a standard tax charge of 52 per cent. for both years.

The final dividend is 0.262p, lifting the total from 2.1p to the maximum permitted 2.362p net. A one-for-five scrip issue is also proposed.

	1974-75	1973-74
	£	£
Turnover	17,443,000	13,064,000
Grp. profit before tax*	652,068	505,608
Taxation	417,687	180,000
Extra-ord. credits†	240 195	—
Minority interest	30,789	29,061
Attributable	443,787	296,547
Dividends	115,125	52,500
Leaving	323,662	244,047

* Includes £31,583 arising on disposal of quoted investment. † Mainly net surplus on disposal of liability.

Sheepbridge up by £1m.

ON SALES up from £28.05m. to £37.55m., taxable profits of Sheepbridge Engineering jumped from £1.68m. to £2.69m. in the year to March 31, 1975, after a rise from £0.98m. to £1.14m. in the first half.

Earnings are shown to be up from 3p to 4.5p per 25p share, and the dividend is lifted from 2.62736p to the maximum permitted 2.853p net with a final of 1.798p.

	1974-75	1973-74
	£000	£000
External sales	37,546	28,055
Profit before tax	2,685	1,673
Taxation	1,396	763
Net profit	1,289	910
Minority interest	28	60
Attributable	1,261	850
Land sale surplus included	—	137
Dividends	807	743

The directors report that the year finished with a high volume of orders in hand and demand for most group products is holding up well. This will ensure that a good level of production will be maintained for some time ahead.

Country & New Town sees further rise

Country and New Town Properties, the property investment and retail stores group, expects that its international operations will ensure its profits in the current year will show a reasonable improvement.

The company will also receive some benefit from the relaxation of rent controls, while the retail division—Civil Service Stores in the Strand and Blundells at Luton—are continuing to show an upward trend in trading, states the chairman Mr. G. Newton.

As reported on June 17, taxable profits jumped from £0.4m. to £0.67m. in the year to January 31, 1975. The dividend is 0.65p (0.62787p) net.

The year was particularly difficult and uncertain as the directors were committed to their programme and it was virtually impossible to offset the high rates of interest without either substantial capital losses or prejudicing the future profitability of the group, they tell members. They were reluctant to weaken the structure of operations which "clearly are becoming steadily more rewarding." As a result, the profits of the business in the U.K. were reduced while, considering all the difficulties, the companies performed satisfactorily.

All investment properties were rental producing throughout the period. Completion of the St. Albans development is later than forecast and leasing arrangements are now proceeding, but the group will not see the full income in the current year.

Meeting, 6-11, Agar Street, W.C., on July 24 at noon.

Midway rise at Hardys & Hansons

AN increase in pre-tax profit of £60,355 to £544,219 is announced by Hardys and Hansons, brewers, for the 26 weeks to March 29, 1975. For the full year to September 27, 1974, profit was a record £1.08m.

Stated Ordinary earnings per 25p share are up from 4.649p to 5.237p and per 25p deferred share ahead from 3.774p to 4.363p.

The interim dividend is up from 1.4p to 1.6p net "to give a better balance" and on deferred shares, from 0.525p to 0.725p.

The directors report that the company's sales of beer by volume during the first six months have increased by well above the national average. The resulting increased gross profit, "though good in itself, has been greatly eroded by increased costs and taxation."

Despite the increase in beer duty of 2p per pint in the April Budget, sales have continued to be buoyant, they add.

It is thought that the first half results give a "reasonably good guide of what can be hoped for by the end of the current financial year."

	Half year 1974-5	1973-4
	£	£
Turnover	2,926,003	2,237,276
Trading profit	631,786	557,502
Divs. and interest	72,046	66,187
Deb. interest	4,088	4,088
Maintenance property	104,790	85,288
Depreciation	50,825	48,243
Profit before tax	544,219	483,864
Tax	283,000	252,000
Net profit	261,219	231,864
Preference div.	8,158	8,129
Available	253,061	223,735

Trustees Corp. pays more

Gross income of The Trustees Corporation increased from £2,018,541 to £2,476,233 in the year to May 31, 1975, but the net figure was down from £1,020,854 to £991,093.

Earnings per 25p share decreased from 3.34p to 3.25p. A final dividend of 1.75p raises the net total from 2.85p to 2.95p.

The net revenue is struck after tax of £79,980 (£215,507) including foreign withholding tax of £54,157 (£48,090), after deferred relief on funding of past service pension liability £80,419 (nil), and after imputed tax on franked investment income £464,880 (£396,237). Preference dividends take £27,502 (same) and Ordinary £876,150 (£846,450).

Net asset value of Ordinary, after deducting prior charges at par and including the full investment currency premium, was 142p (113p).

Reports to meetings

At the annual meeting of Edinburgh Industrial Holdings, Mr. J. G. Bizley, the chairman, referring to policy established in 1972 to acquire small manufacturing companies with a view to expanding and developing them, in some cases by merger to a size suitable for resale, preferably by public flotation, said a review in the changed financial climate had led to a decision to seek to sell certain of the companies, for cash or listed securities as and when suitable opportunities arise. Long-term investment would be concentrated upon the remaining manufacturing activities.

Implementation of this policy had commenced and details would be notified to shareholders as agreements were concluded.

"I am confident that this new policy will assist your company to meet the problems of industry to-day," said Mr. Bizley.

Mr. J. W. Hearnshaw, chairman of John Folkes Hefo, told the annual meeting that budgeted pre-tax profit for 1975 was budgeted at 20 per cent. more than in 1974 and to date actual profit exceeded budget profit and prospects for the second half look "reasonable." Compared with the position at the end of June last year, borrowings had again reduced by more than £1m.

Mr. George Lewis, chairman of C. and W. Walker Holdings told the annual meeting that trading in the first quarter of the new year was ahead of 1974, but this continued progress depended on no further deterioration in the economic climate generally.

The company was currently financing a higher turnover than last year on lower borrowings and was operating well within its bank facility.

"We are optimistic about the future because a considerable proportion of our output goes to satisfy the increasing demand of the energy industries both at home and overseas," said Mr. Lewis.

Mr. Frank Jamieson chairman, Hewden Stuart plant hire group told shareholders at the annual meeting that the merger with A. Gunn offered tremendous potential for future development. Their respective businesses were complementary and did not overlap and both had the advantage of strong management teams.

Hewden Stuart had a fairly good order book at the present time but it was obvious that, if the Government clamped down on local authority spending, the group would be affected.

Mr. O. M. Jeavons, chairman of O. C. Summers told the annual meeting that the company was to reduce its dependence upon contracting for its earnings and long-term prosperity.

It was hoped that significant inroads could be made by December, 1976, but it had to bear in mind that the time scale was governed by the economic climate.

Trading results had improved, and allowing for the German subsidiary, pre-tax profits for the first four months of the current year were £124,000, but due to the economic climate, Mr. Jeavons felt he could draw no conclusions from this.

COMPANY NEWS IN BRIEF

ABBEY PANELS—Interim dividend 1.5p (1.34p). Turnover half-year to December 31, 1974, £1,867,175 (£1,530,827). Profit £57,473 (£58,322) after tax £63,000 (£55,000).

LEIGH INTERESTS (disposal, treatment and recovery of waste; builders merchants)—Final dividend 0.430337p making (0.754435p). Profit year ended March 31, 1975, was £323,453 subject to taxation of £182,339 compared with (£304,446 which included exceptional item £65,430) subject to tax £182,330 (£165,908). This year there is additional £13,100 for tax relating to extraordinary item of tax equalisation to allow for the tax reserve on certain re-valued items to be increased to 52 per cent. in place of 30 per cent. previously provided. Turnover, excluding inter-group, £8,225,788 (£5,895,921). Earnings 4.5p (4.3p).

LONDON AND HOLYROOD TRUST—Results year ended March 31, 1975, reported April 19, with net asset values. Investments £17.29m. (£13.74m.), value £20.85m. (£21.91m.). Dividend will be at least maintained in current year. Meeting, Bucklersbury House, E.C., July 17 at 3 p.m.

LONDON AND PROVINCIAL TRUST—Results year ended March 31, 1975, reported April 19. Investments £16.46m. (£15.59m.)—value £28.8m. (£28.43m.). Chairman hopes that dividend can be maintained in current year. Meeting, Bucklersbury House, E.C., July 17 at 2.15 p.m.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES—Dividend 2.9547p (same). Profit 1974 £44,098 (£42,087). Taxation £21,150 (£3,545). Leaving £22,948 (£38,532). Dividend £25,227 (same). Forward £157,247 (£159,526). Earnings per £1 unit 3.6p (4.52p).

RUSSELL BROTHERS (PADDINGTON)—Final 2.4115p making 3.5365p net (3.2545p) for year to February 25, 1975. Turnover £994,138 (£1,214,791). Net profit £24,438 (£49,006) after tax of £26,250 (£57,000). Earnings per share 3.4p (6.81p). Dividend waivers amounted to £5,011.

WHARF MILL FURNISHERS—Final dividend 0.67p making 1.18p year to March 31, 1975 (1.08p). Turnover £1,561,960 (£1,399,156). Profit £127,834 (£112,857) before tax £65,783 (£61,514). Earnings 3.956p (3.39p) per share.

MINING NEWS

Nchanga Copper is struggling

BY KENNETH MARSTON

HE PROBLEMS of rising costs nd a *falling metal price which* re hitting copper producers iroughout the world are underned by the results for the year i March 31 of Zambia's Nchanga 'onsolidated Copper Mines, a uining and treatment complex hich is 51 per cent. owned by ie Zambian Government and 49 er cent. by Zambia Copper Instments.

During the past 12 months changa's big copper sales have een almost maintained at 396,160 nnes while those of lead and nc have fallen to 75,930 tonnes om 81,213 tonnes. At the same me the copper price received as averaged K1,087 (£742) per nne, having dropped to only 842 (£575) in the March quarter. he past year's costs, however, ave risen to K339.8m. from 275.8m. in 1973-74.

'rofit fall

The result is that Nchanga's net rofit *for the year has fallen to* 58.8m. (it was only K5.4m. in ie final quarter) from K112.5m. *the previous 12 months.* No vidends are being paid for the al two quarters of the past ar. *So the 1974-75 total remains* K17m. compared with K67m. r the previous year.

At the current levels of metal ices Nchanga is probably erating at a loss and the group *is recently* had to raise some J.S.100m. on the international arket. Hopes of a resumption dividends thus do not look too ight at the moment.

However, Nchanga is a wellanaged group and it has a big e potential which stretches far to the much more prosperous *a for copper, and indeed for all* etals, which many observers feel uld be ushered in next year. *it a good deal of long-term faith* being pinned to the present ondon price of 61p for Zambia *opper Investments* which also lds 12.35 per cent. of the other ffering Zambian copper group, *an Consolidated Mines.*

equivalent to 11 per cent. of all *1974 manufactured exports.*

★

A down-under view of the controversial *Poseidon one-for-one* rights issue is that the Australia Government's own Australian Industry Development Corporation will be keeping its fingers crossed that the offer is a success as it is one of the principal providers of current loan funds to the company.

★

Looking some years ahead, the investment in Aran Energy should "pay handsome dividends" said Mr. G. Russell, chairman of the Dublin based Silvermines at yesterdays meeting. The latter company holds 50 per cent. of Aran Energy which has a 25 per cent. stake in the Aran/BP consortium. Some of the investment may have to be traded down, he added but should that be necessary "we *have consulted our colleagues at* Aran Energy about the level of investment which might reason*ably be held in the light of the* likely capital requirements of the Aran/BP consortium." Silver*mines were 52p yesterday.*

COOPERS CREEK PRESSES ON

One of Australia's mining exploration operations which has not yet had to bow down under the burden of Government discouragement for what may be termed the "small man" is that of Coopers Creek which is probing a gold project at the northern end of Kalgoorlie's Golden Mile.

Its latest announcement to the Perth Stock Exchange is that "substantial mineralisation" has been intersected in three drill holes. The general tenor of assays was low, ranging from minimal values to 6.8 grammes (4.37 dwts). Full results are still awaited. Yesterday Coopers Creek were quoted in London at 7p.

ROUND-UP

A rock burst occurred at the ast Driefontein gold mine at the ottom of the No. 1 sub-vertical nking shaft 2,318 metres (8,261 et) below surface. Eleven eople were injured and five lled with 12 still missing.

★

Participants in a Yukon-Alaska order "mini" gold rush now inude British Columbia's Bethlem Copper Corporation. The aking claim was sparked off by *ancouver-based* Claymore Reurces which has claimed some tremely high gold values.

★

Annual exports of minerals orth £00m. could be reached in eland when Tara's Navan zinc peration comes on stream it was laimed at an Irish natural re*sources symposium. It would be*

MINING BRIEFS

KINTA KELLAS TIN DREDGING—Tin ore output for May was 29.64 tonnes (April: 26 tonnes).

KADUNA SYNDICATE—Tin ore output for May 13 tonnes (April 28½ tonnes).

MOUNT LYELL—

Ore treatment results—

	12 weeks to 18.6.75	19.6.74
Ore milled (tonnes) ...	537,880	509,148
Copper grade (%)	1.219	1.150
Concentrates (tonnes)	24,138	23,333
Grade (%)	25.38	25.66
Realisable metals in concentrates:		
Copper (tonnes)	5,884	5,817
Gold (grams)	115,586	111,316
Silver (grams)	1,116,440	1,109,412

CRODA MYH

Acceptance of the Croda International offer for Midland Yorkshire now represents 89.1 per cent. of the Ordinary which includes the 859,750 Ordinary *owned before the offer period.*

ISSUE NEWS

Mitchell Cotts £4¾m. of stock

Mitchell Cotts Group announces that they have created £4,745,817 13 per cent. *convertible unsecured* loan stock 1990-95 and propose to offer it by way of rights at par on the basis *of £1 of the stock* for every 10 Ordinary shares *held* on May 30, 1975. The net *proceeds of the issue will be* approximately £4.6m.

The purpose of the issue is to provide the *necessary funds for* the continuance of the group's progress and the Board intends to seek to *strengthen the group's* activities further by the acquisition of enterprises of a nature complementary to those *it* at present owns, while at the same time being prepared to expand its existing U.K. operations.

The unaudited management accounts for the 10 months ended April 30, 1975 show a group profit before tax of £5,832,000 before taking account of profits of £699,000 (before minority interests) earned by Tendaho Plantations Share Company prior to its nationalisation. The directors are not aware of any factors which have arisen subsequently to cause a down-turn in the level of group profitability in the last two months of the year to June 30, 1975.

It is intended to recommend a final of 2.36695p which would result in total dividends for the year of 3.0232p (2.77p), equivalent with the related tax credits to 4.6311p (4.1343p). This is the maximum permitted.

Interest on the stock will be payable by equal half-yearly instalments of £6.50 (subject to deduction of Income tax) per £100 nominal of the stock on April 1 and October 1, with the first payment of interest on October 1 in respect of the period commencing on July 23, and ending on October 1 and will amount to £2.53 (subject to deduction of Income tax) per £100 nominal of the stock. *The stock may be converted* into Ordinary shares of the company in each of the years 1978 to 1985 at the rate of 155 Ordinary shares for each £100 nominal of the stock, which is equivalent to a conversion price of 64.52p per Ordinary share.

Applications will be made for the whole of the stock to be admitted to the official list of the Stock Exchange and it is expected that dealings will commence, nil paid, on Thursday, July 3, the *issue price of £100 per cent.* is payable in full on acceptance not later than Wednesday July 23.

The issue has been underwritten by Samuel Montagu and Co. and the brokers to the issue are Joseph Sebag and Co.

WATERFORD GLASS

Waterford Glass announces that 3,880,760 10 *per cent.* convertible cumulative redeemable preference shares (71 per cent.) offered to shareholders by way of rights has been taken up. The balance of 1,503,318 convertible shares has been *sold in the market* at a premium over the issue price, which will be distributed to share*holders entitled thereto*, except that no payment will be made for any amount less than £1.

SIEBENS OIL

Applications have been received from shareholders in respect of 99.96 per cent. of the 3m. shares issued by Siebens Oil and Gas (UK) by way of rights at 300p per share.

Excess applications were received *for a total of 672,009 shares.* Applications for up to six shares *were allotted in full.* The remaining applications were the subject of a ballot and successful applicants received a maximum allotment of 20 shares.

LONDON UNITED £0.9M. RIGHTS

Underwriting has been completed for a rights issue by *London United Investments* of 1,977,707 5p shares to be offered at 50p per share on the basis of one-for-four to holders of shares and convertible unsecured Loan stock registered on June 6. The net proceeds are estimated at £945,000.

The Board believes that there *are opportunities* for the London insurance market to increase the share of American business and so that the insurance subsidiary, Walbrook Insurance Company, can have the capacity to take advantage of the increased business expected to become available, the directors have decided to double the issued share capital of Walbrook by subscribing for 1m. Ordinary shares *of £1 each, at par.*

In current economic conditions it is too early in the year to make a profit forecast for 1975 but in the absence of unforeseen circumstances the directors expect to recommend for 1975 a final *dividend on the increased capital* of 1.7116p per share. On this basis the total dividend for the *year of 3.3232p per share*, with the related tax credit at current tax rates, would be an increase *of 12½ per cent. over 1974.*

CAMBRIDGE WATER

Details are expected to be published next Tuesday, of an offer *for sale* by tender by the Cambridge Water Company of £1m. 9 per cent. Redeemable Preference Stock 1980 at a *minimum* price of £99 per cent.

The latest date for acceptance *of tenders* will be Tuesday, July 8 with 10 per cent. deposit, the balance being payable by August 28.

The issue has been underwritten by McAnally, Montgomery and Company.

Halftime fall at Investors Trust

Net revenut of **Investors Capital Trust** declined from £0.47m. to £0.3m. for the six months to May 31, 1975. *More* than two thirds of the total fund continues to be represented by overseas investments and the directors consider this spread "to be appropriate for the time being."

Stated earnings are down from 0.71p to 0.43p per 25p share and, as known, the interim dividend is held at 0.5p net. The directors expect that the year's earnings will be more than sufficient for the maintenance of last year's total of 1p, paid on net revenue of £0.78m.

Because of the recovery in world stock markets and the further rise in the dollar premium, net asset value per share increased from 53.7p to 78p. During the first half there was no major movement of funds.

Reflecting mainly the particular strength of the U.K. market during the early part of this year, a geographical percentage distribution of investments at market value at May 31, 1975, and November 30, 1974, shows: U.K. 28.0 and 22.6; U.S. 39.7 and 46.1; Canada 7.4 and 7.3; Japan 10.2 and *8.9; Africa 2.4 and 1.4;* Australia and Far East 7.7 and 5.3; Europe 1.5 and 1.8; cash deposits 3.1 and 6.6.

Revenue for the half-year declined from £1.12m. to £0.91m. *It is explained that this is lower* because it compares with a period when funds, which were subse*quently moved overseas,* were still employed in high yielding fixed interest securities in the U.K., and *also* because under the present spread of investments, the greater part of the total revenue is due in the *second* half of the year.

The U.S. Dollar Loan due to mature on October 14, 1979 will be repayable out of the proceeds of the sale of the relative investments and liquid funds. At May 31, 1975 there was a surplus which, if the loan had been repayable on that date, would have attracted the dollar premium amounting to approximately £883,667 or 1.4p per share of which no account has been taken.

	Six months 1974-75 £	1973-74 £
Franked income	317,059	337,809
Unfranked income .. .	591,412	564,850
Management expenses	98,109	59,066
Interest on deb. debt ..	375,563	336,334
Tax†	209,842	234,426
Net revenue	297,130	472,632
Pref. dividend	33,791	33,791
Interim	308,540	308,532

† Consists of tax deducted from franked income received £104,542 (£170,426) and estimated corporation tax on unfranked income £105,000 (£64,000).

BIDS AND DEALS

RIT pays £2.2m. for Hume stake

Rothschild Investment Trust has paid £2.2m. [illegible] 26 per cent. stake in Hume Holdings, an investment trust, which it describes as being a long-term investment.

A total of 4.3m. Hume "A" shares are involved and these have been obtained by buying in the Stock Market at 50½p per share. The market purchases were arranged through RIT's stockbrokers Cazenove and Co., in conjunction with Hume's brokers, J. and A. Scrimgeour.

Announcing the purchases yesterday, RIT said that it intended to hold the shares as a long-term investment "and to work in close co-operation with Hume in areas of common interest."

Consequent with the share purchase, changes have been made on the Hume Board. Mr. James Scrimgeour, who has been chairman of Hume for 20 years, is to retire on June 30 and he will be succeeded by Mr. J. Kenneth Dick, who is at present deputy chairman. Mr. Dick is also to join the RIT Board, while Mr. Louis *Ginsburg is to represent RIT on* the Hume Board.

The major part of Hume's in*vestment is in [illegible] in the U.K.* and Australia this accounting for [illegible] per cent. of investment as at June 30, 1974. It also has investments in [illegible] properties and shops. Up to June 30, 1973 Hume had a record of steadily increasing [illegible] available profit after payment of Preference dividend, although in 1973-74 the available [illegible] fell from £712,651 to £[illegible],125.

ESTATES AND GENERAL

Mr. J. R. Laurence, a senior partner in chartered accountants, Hays Allan, has been appointed chairman of Estates and General Investments following the death of Sir Leonard Dyer on June 10.

In a letter to E. and G. shareholders—describing himself as an "independent chairman"—Mr. Laurence says they may shortly receive a letter from a self-appointed "Association of E. and G. Stockholders" criticising terms for the proposed merger of County and Suburban Holdings, an associated concern, with E. and G. He says the association's letter concludes with an appeal for money.

Pointing out that he requires adequate time to examine aspects of the proposed merger, Mr. *Laurence says that on the basis* of a draft letter provided by the association, "the arguments put *forward by them appear, at first* sight, to be repetitive and misleading."

When he has had time to study the letter in detail Mr. Laurence is to give shareholders his answer to it before the adjourned meeting to approve the deal with County and Suburban is held. *Meanwhile, he advises share*holders to take no action, not to return any further forms of proxy and not to send any money to the self-appointed association.

PRITCHARD SERVICES

Pritchard Services Group, one of the largest building service *organisations in the world, has* bought the Grangemouth Laundry in Scotland as part of its pro*gramme of expansion in Scotland.* The laundry, which is situated midway between Glasgow and Edinburgh, has cost Pritchard about £55,000 although this figure does not include the value of buildings and the site which is well suited for expansion.

SHARE STAKES

Denholme Investments (Jersey) *now holds 1.25m. shares (17.43* per cent.) in **Dartmouth Investments.**

J. G. Cluff now holds 9,950 stock units (11.54 per cent.) in **Holyrood Rubber.**

Slater Walker Securities and subsidiaries are now interested in 2,456,995 (13.52 per cent.) Ordinary shares of **Baker Perkins Holdings.**

Identibuy announces that on July 11 it bought 248,880 Ordinary shares in **Electronic Machine** *Company.*

Following termination of certain syndicate arrangements, *Thames Guaranty has reduced its* holdings to less than 10 per cent. of **Jamaica Sugar Estates** *Ordinary shares.*

Toyo Kogyo outlines interim losses

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 26.

TOYO KOGYO, Japan's third largest car maker and one of the pioneers of the rotary engine, has reported current losses of Y11.1bn. (about £16.6m.) for the six months ending April this year. This reflects a sharp increase in costs and a decline in production at its Hiroshima plant.

In a statement accompanying the results, Mr. Kohei Matsuda, the company president, says he thinks Toyo Kogyo has overcome the worst effects of the recession.

Toyo Kogyo started to get into trouble last year when sales of its rotary-engined cars were hit by fears about their high fuel consumption. The company, which is a highly integrated operation with a high break-even level, kept up production and thus had accumulated large unsold stocks by the end of the year. Unsold stocks in Japan reached 110,000 in February and 50,000 in the U.S., but the company has now succeeded in cutting back stocks to 94,000 in Japan and 14,000 in the U.S. Extra holidays, which were instituted early in the year to help reduce production levels, were terminated at the beginning of May and the company is now on a normal work schedule.

Toyo Kogyo's sales in the six months ending April totalled 310,627 units (passenger cars and trucks combined) compared with 360,378 in the same period of the previous year). The fall in the overall figure masks a very sharp decline in exports (down from 199,550 to 135,524) partly offset by an increase in domestic sales (up from 160,837 units to 175,103 units). Toyo Kogyo introduced a new rotary engine with reduced fuel consumption at the turn of the year which received a good reception in Japan.

Toyo Kogyo's production target for the current six months is 320,000 units—well below its actual production of 364,876 units with 360,387 in the same period of 1974. It would appear difficult for the company to operate profitably at this level of output but forecasts are that the May-September period will show a very definite improvement on the previous business term. Toyo Kogyo still has massive outstanding bank loans—the current figure is Y317bn. (£476m.). But the company has very close relations with the two member banks of the Sumitomo financial and industrial combine and can apparently count on continued Sumitomo support.

One important question mark over Toyo Kogyo's future concerns the extent to which the rotary engine will be taken up by other manufacturers thus ensuring its acceptance as a standard way of propelling motor cars. Toyo Kogyo and General Motors exchanged visits by technical teams early this year in what appeared to be an attempt by GM to gather information for a decision for or against the rotary.

Mixed trends in chemicals

BY GUY HAWTIN

FRANKFURT, June 26.

TWO MORE OF West Germany's leading manufacturers have announced that the current year has been marked with falls in turnover and demand. The Huels concern reports that group turnover fell by 26.8 per cent. in the first five months, but Schering states that it has only been mildly affected by the downturn.

Huels said that January-May turnover this year totalled DM926m. compared with DM1.26bn. the previous year. Home sales were off 24.1 per cent. compared with the year before, and overseas sales plunged heavily by 30.4 per cent. Overseas business accounted for 41.2 per cent. of the group's turnover in the first five months of 1975 compared with 43.2 per cent. in the same period of the year before.

Chemische Werke Huels AG registered a turnover of DM804m. over the period—25.9 per cent. beneath the DM1.08bn. recorded in January-May, 1974. Domestic sales were off by 22.2 per cent., while exports dropped by 31.3 per cent. reducing proportion of exports in total turnover from January-May, 1974's 40.3 per cent. to 37.4 per cent.

Dr. Karl Monkemeyer, the chief executive, told to-day's annual meeting that 1974's results — the best in many years — would certainly not be equalled in 1975. The falls in volume and prices of the concern's main product lines since the last quarter of 1974 had resulted in the group's running at between 60 and 70 per cent. of capacity.

Because of the holiday period it was unlikely that further short-time working would be necessary, said Dr. Monkemeyer. Things could change, however, and it was likely that there would have to be further short-time if the situation had not improved by September. Despite the downturn, Huels plans to increase investment in 1975, increasing it from 1974's DM 162.5m. to DM200m.

Schering, on the other hand, reports that, contrary to the trends among other chemicals producers, exports have increased and turnover has risen. Executive Board member, Herr Karl Otto Mittelstenscheid, however, pointed out to to-day's annual meeting that growth had been curbed by the economic downswing.

Herr Mittelstenscheid said that Schering group turnover in the first five months had increased by 3.3 per cent., while the turnover of Schering AG had risen by 3.4 per cent. This, he said, was largely as a result of developments in the pharmaceuticals and pesticides divisions which were relatively independent of the industrial cycles.

While exports had increased, he said, domestic business had generally stagnated.

Fison's profits optimism

BY GUY HAWTIN

FRANKFURT, June 26.

MR. GEORGE BURTON, chairman of Fison's, forecast here that the chemicals group would show an improvement this year in profits "at least equal to that of the average rate of inflation" in the countries in which it was operating. The group was budgeting for superior results to 1974 "in every respect" and "I can say for the first five and a-half months we are on that track."

In the 1974 business year, the group, which has a world group turnover of £202.1m., reported gross profits up 35.8 per cent. to £14.6m. and net profits up 26.4 per cent. to £7.4m. While Mr. Burton's forecast can hardly be described as precise—the group operates in 132 countries — predictions of profit increases by German groups have been noticeably thin on the ground this year.

The Fison's chairman, together with other members of the group's top management, were in West Germany to announce that the concern was to be quoted on the Frankfurt and Dusseldorf bourses. Fison's "has no illusions about the short-term advantages" of a listing in the two major West German stock exchanges. The intention is to give the company a broader international base and increase its ability to raise money in West Germany.

There were no immediate plans for capital raising operations in West Germany, the Press were told. The concern had ample capital available for immediate needs.

Sharp setback for Swedish Match

By William Dullforce

STOCKHOLM, June 26.

SWEDISH MATCH reports a fall in turnover and a substantial profit setback for the first four months of this year due mainly to over-capacity and falling prices on its West European markets. The report published to-day reiterates the forecast by managing-director Bolf Deinoff at last month's annual general meeting of a "significantly lower" result in 1975 than in 1974. There are increasing signs that a general economic upswing will take longer to appear than estimated earlier, it adds.

The group invoiced sales of Kr.1.375bn. (£152m.), over 4 per cent. down in comparison with the last four months of 1974 and three per cent. behind the turnover for the first four months of last year. The operating profit at Kr.49.5m. (£5.6m.) was Kr.27m. down on the preceeding tertial and Kr.73m. less than that achieved in the first four months of 1974, admittedly the group's best ever result. The pre-tax income for the first four months of 1975 before capital gains of Kr.14.2m. was Kr.26m. (£3m.) which compares with Kr.106.9m. for the corresponding period last year.

The pre-tax profit is encumbered with interest costs of Kr.40.5m. from the short-term borrowing the group had to undertake last year to cover rising costs. This borrowing is now being switched to medium and long-term loans, in order to improve liquidity.

"The divisions most affected by the collapse of the European construction market are board and interior products, whose German plants showed significant losses." Some 1,200 employees have been laid off from the Swedish Match Kubel factories since the beginning of the year. Short-time working has also been introduced at the group's paper and cardboard plants in Germany.

The original match division contributed over half the four-month operating profit, but the packaging division failed to maintain last year's high performance. One reason for the setback in this division is the continuing weakness of the U.K. market.

The report says that exports from Sweden to U.K. have in many cases "become clearly unprofitable" and have dipped sharply in volume as a result of market weakness and the decline in the pound.

In spite of the fall in sales volume, stock increases for the group as a whole have been kept "within reasonable limits," but a spokesman said it was continuing to cut back production. The Swedish Match management believes its major markets have now hit bottom.

David Curry in Brussels explains why the compensation work which La Fabrique Nationale Herstal receives as a result of the Belgian Government's decision to buy American YF-16 is crucial to its plans to haul itself back into profitability

Arms deal kick-back

WHEN BELGIUM was painfully making up her mind whether to buy American YF-16 or French Mirages for her air force, one of the vital ingredients in that choice was which programme would offer the most "compensatory" work for Belgian industry. And when compensation was discussed it was of vital interest in particular to one long-established Belgian company and its 10,000 workers crammed into the middle of Liège in the heart of the old coalfields of Wallonia and in the heart of French-speaking Belgium—La Fabrique Nationale Herstal, FN for short.

FN is one of Europe's major arms manufacturers. In Britain it is best known as the designer of the standard British army rifle. It is an important supplier to Nato generally and to armies and police forces around the world. It has significant aero-engine manufacturing capacity, and this division makes under licence power units for both the Starfighters which will be replaced by the YF-16 for which Belgium finally opted, and for the current generation of Mirages flown by the Belgian Air Force.

Still in the weapons field the company manufactures sporting equipment, particularly hunting rifles utilising long-standing Browning licences, and its team of hand engravers which work on special orders for hunting rifles produce work of such delicacy that each weapon could stand as an exhibition piece.

In terms of exports the company has been outstandingly successful; only some 14 per cent. of sales are made in Belgium and some 62 per cent. are outside the EEC completely; in terms of expertise and engineering FN can claim to be well advanced; in financial terms FN has represented something of a disaster area with three of the past five years ending in the red.

FN will be the major recipient of compensation work brought by the aircaft purchase, and the new technology this will bring and the finance that will be provided are crucial to the company's plans to haul itself back into profitability.

The decision to buy the YF-16 means that FN, under Pratt and Whitney licence, will make parts for some 2,500 engines, or the equivalent of 186 complete power units, and each power unit represents about a third of the value of the aircraft which come at around $5.8m. to $6.2m. each. It also means that a division which was running seriously short of work with only servicing contracts will be able gradually to increase employment to 1,500.

On top of this is seems probable that the U.S. Government will purchase some $30m. of FN machine guns to mount in tanks, although the weapons are thought by the U.S. to be rather expensive.

The main shareholder in FN is Union Financière et Industrielle with some 20.6 per cent. UFI itself is some 62.6 per cent. owned by the big holding company, Société Générale de Belgique which has a 6 per cent. direct stake in FN. SGB, a relatively recent direct shareholder in FN, has played a role of midwife to the changes being implemented at Liège, FN emphasises.

The past five years have not been happy ones at Herstal. Last year the company lost B.Frs.46m. (around £0.5m.) having suffered a month-long strike after the summer holidays. This year, ending on June 30, again badly strike-affected at the same time of year, the company would be able to report a profit of B.Frs.175m. excluding any provision for accelerated depreciation. It is widely expected to declare a profit—no loss situation and no dividend will be paid.

Turnover measured in constant values has been on a declining trend over the past five years slipping from B.Frs.4.1bn. (£49m.) in 1969-70 to B.Frs.3.2bn. in 1973-74, although it has remained relatively stable in nominal terms up to 1973-74 when it was B.Frs.4.18bn. For the year just ending turnover in constant terms will be well ahead at B.Frs.4.1bn. while unadjusted receipts will be at a record B.Frs.5.9bn.

Costs burden

However, in this year the company has had to bear a ferocious burden of wage costs and other charges, particularly social security. These had already reached B.Frs.3.32bn. for the last financial year and in the current one the figure will be more than B.Frs.1bn. higher.

A similar progression has hit financial charges, particularly crucial to a company with voracious cash needs. In 1973-74 these charges doubled to B.Frs.165m. and this year they have doubled again to B.Frs.350m.

The company is also carrying a heavy burden of debt. Long-term indebtedness has risen from B.Frs.546m. to B.Frs.780m. in the current year and short-term debt from B.Frs.3.51bn. to B.Frs.5.8bn. Own funds are around the B.Frs.1.5bn. mark.

Some three years ago the company's relatively new management began to work out how to bring to an end this doleful succession of statistics. It began by re-organising the company's structure to establish profit centres with considerable powers of initiative and by establishing a substantial central planning secretariat. The major operating divisions of the company are now those dealing with military arms and with sporting arms, these two being linked to a third which makes mass production weapons for both of them but has no marketing function of its own, and the jet engine division. The bulk of turnover is concentrated in these divisions with weapons and motors over the past few years roughly equal contributors.

The structure is completed by two smaller divisions: the metal treatment operation, Formetal, which will receive useful work from the YF-16 contracts and industrial equipment unit.

A second important decision of the company was that it was going to put more weight behind the sporting equipment operation, particularly by opening up leisure activities at the consumer level like clay-pigeon shooting ranges, tennis and golf clubs. It decided that it was top-heavy to have 75 per cent. of sales dependent on State purchase of military hardware.

A further important factor in the analysis of FN's position was the mounting cost of labour, combined with the strength of the Belgian franc which made it so difficult to remain competitive in vital export markets like the U.S.

The logic of these two priorities combined was to elaborate the company's network of subsidiaries and holdings in areas like knowhow and non-military goods, particularly by overseas investment.

Finally, the company decided to meet head-on the problems posed by the cramped and dirty confines of Herstal. FN has decided to decentralise physically by developing green-field sites within Belgium, but not necessarily close to Liège. It hopes that this will make available new (though not cheaper) sources of labour and also reduce the strain on industrial relations. A model workshop has already been established at Harze, while Formetal will be the first division to be rusticated, giving the divisions remaining in Herstal more room.

This series of policy decisions is already taking shape. The pivotal role in overseas expansion is being taken by a new Luxembourg subsidiary FN International which will clearly be used to tap the capital markets. This company owns most of the stake in a new Portuguese manufacturing operation, in the sports promotion activities and holds the 36 per cent. stake FN has in Beretta, the Italian small arms manufacturer. FN looks to this partnership, which is both financial and manufacturing, to avoid duplication in investment between the two leading companies in Europe in their field.

These holdings represent some of the more important and recent ones among the 16 or so stakes held by FN, a number of which are relatively long-standing participations in distributors.

In the attempt to reduce dependence on the military equipment field the company has moved for the first time into original research in the aero-engine field. It is in partnership with General Electric and SNECMA to develop a 20 tonne thrust motor for the 1980s and this project will bring FN for the first time into the civil aviation area.

A complementary policy has been to eliminate certain product lines from FN's range including agricultural and textile machinery.

But FN's plans are ambitious and hence call for a lot of cash. The company has been investing around B.Frs.160m. a year and the 1974-76 plan calls for some B.Frs.380m. expenditure. The company reckons that the investment required to gear up the Pratt and Whitney work will cost between B.Frs.500m. and B.Frs.1.58bn., although it will clearly look to the Government for assistance in embarking on the "compensations" programme.

There is no solid base on which to launch these investments, with cash-flow (B.Frs. 79m. last year; 155m. the year before) painfully inadequate and continued inflation likely to remain the backcloth to the company's efforts.

Two techniques

The company is toying with two techniques; raising capital through its subsidiaries or, possibly, transforming one of its divisions into a subsidiary which could then raise money. On top of that and the normal run of bank borrowing the company will be eligible for State aids.

The problems clearly remain very great at FN and the management recognises that it is at the beginning of a long slope. Senior management talks about the sort of company it wants to build by 1989—the company's centenary. But after a lengthy period of rather directionless management at FN Herstal there is now, at least, a broad strategy in existence. The arms deal of the century will mean a lot to FN in making that strategy work.

More aid for Aker

BY FAY GJESTER

OSLO, June 26.

NORWAY'S AKER shipbuilding group is to get further financial assistance to help it adjust to the problems it faces as a result of massive tanker order cancellations.

The State Industrial Assistance Fund has announced it will give the Group a direct loan of Kr.25m. (£2.3m.), and the Fred Olsen shipping concern (the Aker Group's biggest shareholder) is to lend it the same amount. In addition, the Industrial Assistance Fund will guarantee a foreign loan of Kr.100m. (£9m.) for Aker.

These latest measures, together with the Government's recent undertaking to provide foreign loan guarantees totalling Kr.225m. (£20m.) will ease the Group's cash problems.

There is a price tag on the help, however. An official announcement said Aker and the Industrial Assistance Fund had agreed that a representative of the Fund should be appointed to Aker's board.

Many of Norway's smaller shipbuilders, still successfully building types of ships for which there is moderately good demand, fear an encroachment on their preserves by Aker—helped by public money. Several spokesmen for the smaller shipbuilders have recently voiced this fear. Mr. P. Y. Berg, a director of a yard in Drammen, which specialises in building refrigerator food ships, said yesterday he had been relieved to learn that Aker would move into building more offshore oil equipment, in order to employ its tanker yards.

Mr. Berg's relief may have been premature, however. Aker announced to-day that to meet the present crisis, it would "resume building medium large specialised ships."

Alexis Springer dips

By Jonathan Carr

BONN, June 26.

AXEL SPRINGER Verlag, the publishing house with much the largest market share of daily newspapers in West Germany, saw a small increase in turnover in 1974 but a major fallback in profit. Like its competitors, it was badly hit by rising personnel and newsprint costs and a drop in advertising revenue.

On the positive side, Board member Peter Tamm revealed that sales had developed well—in particular for its mass circulation daily "Bild," whose daily sales jumped by 350,000 in 1974 to well over 4m.

On the other hand, advertising revenue fell off by 10 per cent. to DM546m. One exception was colour advertising from which the mass circulation "Bild am Sonntag" had particularly profited. Total turnover reached DM1.17bn. against DM1.16bn. in 1973, while net profit fell to DM10m. from DM29m. Investment totalled DM19.5m. (against DM55.6m. in 1973) and a similar level is envisaged for this year.

Herr Tamm declined to make prophecies about this year's results—particularly in view of the economic recession which continues seriously to affect the advertising side. On top of this has come an increase from last January of an average 46 per cent. in newspaper postal delivery charges.

West German publishers have been seeking from the Government, among other things the abolition of VAT on newspaper sales, and the placing of paper on the list of materials qualifying for Government subsidy. (The price has risen from DM530 per tonne in 1972 to DM953 per tonne last year.) There is little sign that such action will emerge.

Olympic Airways deal

BY OUR OWN CORRESPONDENT

ATHENS, June 26.

THE GREEK state will pay $75.2m. to acquire Olympic Airways, the Greek national air carrier founded in 1957 by the late shipping magnate Aristotle Onassis.

Under a draft bill tabled in Parliament, this amount will be used to purchase the 15,000 shares of Olympic Airways from the Victoria Financiera Company of Panama.

The bill says that the assets of Olympic Airways were estimated by the state at $68.78m. A quarter of this will be paid on acquisition of the shares and the remaining 75 per cent. in four yearly instalments and will carry an interest rate of 6.5 per cent. This interest, amounting to $6.5m., will raise the final figure from $68.7m. to $75.2m.

The price to be paid by the State does not include Mr. Onassis' private jet plane or the helicopters owned by Olympic Aviation.

The bill says that the Onassis representatives estimated the assets of the airline at $78.490m.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	99	100
Ashland 8pc 1987	92	93
Austraswiss 8pc 1987	89	90
BFCE 9pc 1989	97	98
Borregaard 8½pc 1989	96	97
Carrier 8pc 1987	90	91
Conoco 8pc 1986	96	97
Consd. Foods 7¾pc 1991	86½	87½
Cutler Hammer 8pc 1987	92	93
EIB 9¾pc 1985	100½	101½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	89	90
General Motors 8¾pc 1985	101½	102½
GTE 8½pc 1985	96½	97½
ICI 7¾pc 1982	79½	80½
Nat. Grindlays 7½pc 1987	77½	78½
Pacific Light 8pc 1988	90½	91½
Prov. of Quebec 7½pc 1988	88	89
Quebec Hydro 8½pc 1989	97	98
Queensland 8½pc 1987	88	89
Scaltraff 8½pc 1988	95½	96½
Shell 8pc 1986	96½	97½
Stand. Oil (Inc.) 8½pc 1988	99	100
Tenneco 7¾pc 1987	87	88
Transocean 8pc 1986	98	99
TRW 8½pc 1986	95	96
Utah 8pc 1987	92	93
Volvo 9½pc 1985	99	100
NOTES		
Air France 9½pc 1982	101½	102½
Aust. Ind. Dev. 10½pc 1981	103	104
Barclays 7¾pc 1978	97	99
Cie Ntl. du Rhone 10pc '82	103	104
Du Pont 9¼pc 1978	102	103
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1978	101	102
Marubeni 9½pc 1983	101	102
Nippon Fudosan 10½pc 1981	102½	103½
Skand. Enskilda 10½pc 1981	103½	104½
Tenneco 7½pc 1979	98	99
Tokyo Curacao 10½pc 1981	102½	103½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	90	92
Ashland 5pc 1988	81	83
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4¼pc 1992	101	103
Borden 5pc 1992	89	91
Broadway Hale 4½pc 1987	74	76
Canon Camera 7½pc 1989	90	92
Carnation 4pc 1987	88	90
Chevron 5pc 1988	102	104
Dart 4¾pc 1987	89	91
Eastman Kodak 4½pc 1988	114½	116½
Economic Labs. 4½pc 1987	86	88
Eidai 7½pc 1989	98	100
Ford 6pc 1986	84	86
Ford 5pc 1988	74	76
Fuji 6½pc 1985	108	
General Electric 4¼pc 1987	86	88
Gillette 4¾pc 1987	80	82
Gould 5pc 1987	81	83
Halliburton 4¼pc 1987	138	140
Harris 5pc 1992	66	68
Hitachi 6½pc 1984	105	110
Honeywell 6pc 1986	79	81
ITT 4½pc 1987	66	68
Komatsu 7½pc 1990	103	104
J. Ray McDermott 4¾pc '87	160	162
Mitsui 6½pc 1989	159	
J. P. Morgan 4½pc 1987	131	133
Motorola 4½pc 1983	125	
Owens Illinois 4½pc 1987	86	88
J. C. Penney 4¼pc 1987	86	88
Pioneer 6½pc 1989	138	140
Rand Selection 6½pc 1986	100	103
Rank 4½pc 1993	44	46
Revlon 4¾pc 1987	98	100
Sperry Rand 4¼pc 1987	98	100
Squibb 4½pc 1987	85	87
Toshiba 6½pc 1985	127	
Union Carbide 4½pc 1982	108	110
Warner Lambert 4½pc 1987	91	93
Warner-Lambert 4¼pc 1988	81	83
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

Bruxelles–Lambert deal on

By David Curry

BRUSSELS, June 26.

SHAREHOLDERS OF the Banque de Bruxelles yesterday approved the purchase of the Banque Lambert for B.Frs.2bn. by the Banque de Bruxelles to create a merged company disposing of some B.Frs.180bn. in deposits. The new bank, the Banque Bruxelles Lambert, will be the second largest in the country after the Societe Generale de Banque, and will have a balance-sheet total of around B.Frs.350bn.

Approval was also given for the issue of a B.Frs.3bn. subordinated loan to be put up by the bank's major shareholders. The holding company of the new bank, Compagnie Bruxelles Lambert pour le Finance et l'Industrie (which was sole owner of the Banque Lambert and had a significant holding in Banque de Bruxelles prior to the merger), will subscribe some B.Frs.2bn. of this at 9.25 per cent. interest. The effect of the loan will be to raise the equity of the bank to around B.Frs.10bn.

M. Jacques Thierry, who has moved from the Compagnie Bruxelles Lambert to run the new bank, was at pains to emphasise that shareholders would not suffer from the merger. He was speaking against a background of last year's Banque de Bruxelles' foreign exchange loss of B.Frs.3.529bn., which wiped out profits and dividends completely for the financial year which closed at the end of March. The financial effects of this loss caused the postponement of the grand plan for the restructuring of the Compagnie Bruxelles Lambert.

Herstatt terms

By Nicholas Colchester

BONN, June 26.

THE RECEIVERS of the collapsed Herstatt Bank will be paying subordinated creditors, the banks and the public authorities, 50 per cent. of the settlement that is due to them at the beginning of July. A further payment will probably follow later in the year.

Announcing this to-day the receivers said that their task had been made considerably easier by the unwinding of Herstatt's affairs in the U.S. and by the freeing of the assets held there by Chase Manhattan Bank, announced at the beginning of this month.

Under the settlement terms agreed last winter domestic banking creditors should ultimately receive 45 per cent. of what they were owed by Herstatt.

CHASE PUTS NEW YORK IN ITS PLACE–IN THE CITY.

Chase has always held an important place in the City. But times change and Chase is ready to change with them. Now, more than ever before, a different kind of presence is needed from a major world bank.

Chase recognised this need and implemented a major expansion in the capabilities of their City Division. Today's big City institutions and major national corporations demand all the services and facilities of a large world bank directly through a local office. And that is what Chase's City Division is about.

Firstly, there's our team of City financial specialists. Each one with international experience in his chosen field. Each one in a unique position to apply his expertise to your specific problems. Because each one will make it his business to understand you and your business. Only in that way can he tailor all the services that Chase's City Division offer to your particular needs.

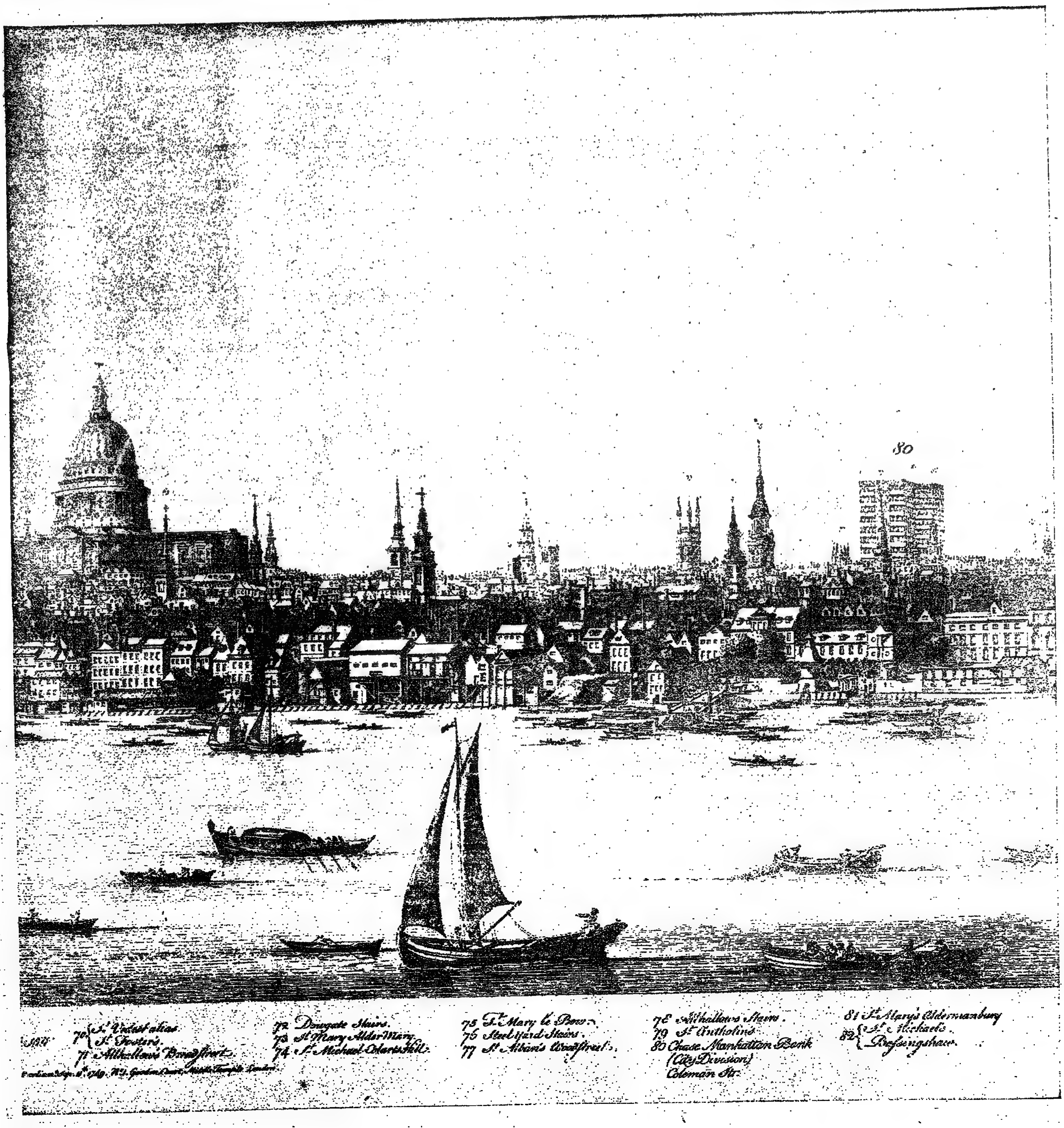
Secondly, many of the services and facilities that Chase used to be able to offer only through New York are now available through the London office. These services, when taken in conjunction with our position in the various international and domestic money and exchange markets, add up to a total banking service for the full range of financial institutions in the City of London.

The expansion of our City operations has established Chase firmly in the City–Europe's money centre. To Chase, that's just good business sense. It means better business for us. And better business for you. And that, after all, is what good business relationships are about.

For more information contact Roger Griffin, Vice President, The Chase Manhattan Bank, Woolgate House, Coleman Street, London EC2P 2HD. Telephone: 01-600 6141.

Chase: The relationship bank.

CHASE



The Property Market

BY JOHN TRAFFORD

Siege is no pointer to trends in investment

THE FAILURE of the Siege Estates' auction in London yesterday was no surprise, despite the predictably bullish remarks of Mr. Peter Davies, the Siege managing director last week.

Of the 39 lots in the catalogue, many were withdrawn and others combined. In the end only £301,000 was realised from the sale of just four lots including the company's Mayfair headquarters in Curzon Place which fetched £250,000. The major property, the 73,800 square foot Banda House office block in Hammersmith, west London, was not sold at its reserve price of £5.75m. The company has maintained that the portfolio was worth over £20m.—equivalent to the outstanding borrowings—so no-one will be rejoicing at the sum actually realised.

Too much should not be read into the result, however. It was largely a speculative development portfolio without a single prime, fully let property. A better result would have been a tremendous tonic for the industry but failure is no indication of a lack of interest in top quality properties.

If evidence is needed one need only quote Trafalgar House's experience with Cleveland House in St. James's Square in London. As many expected the long leasehold was sold to the Prudential Assurance who are owners of the freehold. The initial yield, just over 7 per cent., suggests an agreed price of around £4.3m. But behind the Pru there were a number of other bidders. Although Victor Matthews, Trafalgar's managing director, will not name numbers he does at least indicate that other bids might have been acceptable if the Pru had stayed away.

Leading agents report a growing interest in property investment from the smaller pension funds who previously have not been in the market as well as from the established operators. Bidding for prime office blocks has, in some cases, been very brisk indeed. In one recent deal involving less than £1m. half a dozen bidders offered the asking price and the successful contestant finally got the property at a yield of below 6.75 per cent. In the space of the past three months prime office yields appear to have fallen by at least a ½ per cent. if not more to current levels which range from 6.5 to 7.25 per cent. Good shops are a shade higher while the best industrials seem to be fetching 9.25 to 9.5 per cent.

The dichotomy of the past few months—strong demand for the very best property and a glut of unsaleable less attractive property—is getting worse. The area of particular interest now may well be top-quality properties with a reversionary content. But the risks are clearly there, especially as the day approaches when Mr. Healey will present his anti-inflationary package, which could possibly include some measures on commercial rents.

With that sort of risk in mind many property owners are instructing agents to negotiate with tenants to buy out existing leases (with antiquated rent review patterns of 14, 21 or more years) and offer a modern lease in their place. If you have a property that can be turned into a prime, rack-rented asset, now seems a good time to take action on the lease.

There even appears to be some tentative revival of interest in prime office sites, some without planning permission. This, of course, applies particularly to those towns and cities in the south east where there is a dearth of new offices available but, as a later article in this column points out, the same trend is to be found in some of the favoured northern cities like Leeds.

On the industrial front, Chamberlain and Willows, in its half yearly report on the market just published advises owners not to sell factory or warehouses which they do not need. "The message at the present time is loud and clear," they say, "now is the time to buy, not to sell."

City rents and the P and O

THERE can be few better indicators of the current market in prime City office space than rent levels in the P and O building in Leadenhall Street. Last week, following an arbitration ruling from Kemsley Whiteley and Ferris, the rent for one of the floors was fixed at no more than £15 a square foot.

With some of the floors still letting at over £25 a square foot, the ruling is a significant one. Rent reviews will be eagerly awaited by tenants with reviews coming up shortly.

The background to the recent deal is this. Credit Suisse White Weld have a lease on the 9,800 square foot first floor of the building, with a seven year review pattern. When the review came due, P and O pressed for a high rental of more than £20 a square foot.

The tenants, not surprisingly, resisted and suggested something below £15. The parties went to arbitration and the final level was far closer to the tenant's figure than to that proposed by the landlord.

Of course, arbitration is not the open market. It tends to produce compromise solutions lying somewhere between the positions of the two irreconcilable parties. But would £15 a square foot have been reached on the open market? There are some in the City who think not.

P and O was represented by George Trollope, Credit Suisse by Savills.

Office scarcity in Leeds

LEEDS is facing an acute shortage of office space. Like many other cities, there has been virtually no new development during the past 18 months. Added to that the pro-conservation, anti-development Labour-dominated council (on which Labour lost its position as largest party in last month's elections) has created conservation areas and listed so many buildings that many city centre schemes have been delayed or abandoned.

With the exception of one office block, there is virtually no new office accommodation in the city centre. There are a number of refurbishment schemes in Park Row, Park Place and Park Square but the only major development scheme is the Raglan project for which the office element will not be completed until late 1977.

The one new office block is 8, St. Paul's Street, a 17,430 square feet net development by Interland Estates with financing from the Standard Life Assurance Company. The asking rental of £75,000 equates to £4.30 whereas the highest rent so far achieved in central Leeds has been £4. The developers do not seem unduly perturbed by this, however, believing that the economics of scarcity are going to play into their hands.

Much depends on that for Interland have three other city centre sites with planning approval for offices. A new 34,000 square feet office block behind an existing Victorian facade is planned for Bardon Chambers; a 34,500 square feet office is envisaged for 36/40 Park Place, close to the new Bank of England Building; and 118,000 square feet in three individual office buildings linked by courtyards is planned between Westgate and St Paul's Street.

If the outlook is as bright as Interland would have us believe, institutional investment interest should be visible. The developers point to the purchase of a modest 3,500 square feet refurbished office building at 43, Park Place; occupied by the Standard and Chartered Bank. After considerable institutional interest, the property was sold by Interland to the Lankro Mahler Pension Fund at a yield of 7.5 per cent. The office is let at £4 a square foot which could represent a new rent plateau for the city.

In the past 18 months, rents have moved from £2.75 a square foot to £4. To-day it is probably true to say that a new development would require £5 a square foot. The question is whether developers will risk new office projects while a large office surplus remains in some other provincial cities.

Earls Court wants to modernise

THINGS are beginning to stir in the grey fastness of Earls Court, London's well-known but little-loved exhibition and entertainment centre. Christopher Stewart-Smith, chairman of Earls Court and Olympia Limited, the Town and City subsidiary, is having friendly and informal discussions with the Greater London Council to see if any money or other help is forthcoming to help him modernise the place.

Plans have been drawn up to improve pedestrian access, the decor, the catering facilities and the lavatories—and submitted to all the main organisations connected with exhibiting there. In addition the company has drawn up plans for 180,000 square feet of offices which could be built on the West Brompton forecourt to the south of the existing building.

If all the plans were adopted, the total cost would amount to some £10m. but Stewart-Smith sees very significant improvements if £3-£5m. is spent on the structure which was built in 1937 and fully looks its age.

The exhibition organisers have been applying strong pressure to the company for some time, fearing that if Earls Court is allowed to continue to run down it will become progressively less competitive with exhibition centres in Germany and elsewhere—and will also begin to lose heavily to the 920,000 square feet National Exhibition Centre near Birmingham which is due to open next February. There is just one snag with all the pressure: none of the exhibitors feels inclined to pay much more for exhibition space than he does at present.

Money is the problem. Town and City is not doing any development at present and institutions would not look kindly on financing this kind of refurbishment.

The obvious source is the GLC and, even in these hard times, Stewart-Smith is not wholly despairing of getting some help. His company would like to see permission for the office block even though it would breach the GLC's current policy on office development in central London.

But failing that, he still hopes that the GLC might buy into the company or even buy up the property and let the company manage it. He sees the need for London to have one decent exhibition centre as a means of helping exports, attracting foreign tourists and all the rest. The question is whether others have the cash to make their support more meaningful. By the end of the month, the GLC is expected to have indicated the way its corporate mind is moving.

Facts with which to fight

WHAT can be done to make businessmen, politicians and the general public more aware of the contributions made by the property industry to the economy? One worthwhile idea is put forward by Michael Hanson, writing in the June issue of The Property Journal.

Hanson proposes a Property Research and Information Association set up by the industry but run independently as a non-profit-making professional body. It would carry out and disseminate research and information about the industry to Parliament, the construction industry, the financial world and the public. "It should do this," writes Hanson, "through lectures, films, publications, reports, Press releases and photographs."

Hanson is certainly right about the need for more information. But I wonder whether a body of this kind would have the necessary skills to get the message across: he may be talking himself into a job.

OUT AND ABOUT

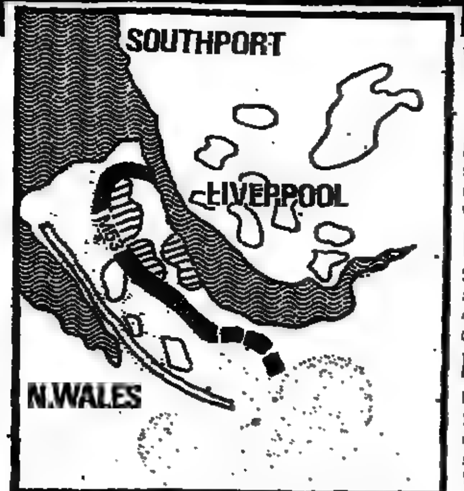
- Ashville Group has begun work in the first phase of its 20-acre trading estate at Abingdon near Oxford. The estate fronts the new A34 Abingdon by-pass which is to form part of the Birmingham-Southampton motorway. The first phase will cover four acres and provide 75,000 square feet of warehouse and factory space in units from 6,000 square feet. The units should be completed in October. Hillier Parker May and Rowden are main letting agents.
- Keith Andrew's three-phase 16-acre development at Marshgate trading estate in Stratford, East London, funded by the Royal London Mutual Assurance, is going well. The second phase is being taken by Wiggins Teape for its North London and Eastern Counties distribution centre. The first unit of Phase One—13,300 square feet of warehousing and 2,600 square feet of offices—is complete. The third phase will be developed to individual requirements. Joint agents are Connells and Conrad Phoenix.
- Details of the deal in France between Slough Estates and Mackenzie Hill, reported last week, are as follows. Slough has bought Mackenzie Hill's interest in Anglo-French Industrial Developments for £463,790. The company has two industrial estates, one at Colombes (a warehouse of 18,000 square metres) and one at Bures-Orsay (two warehouses, 34,000 square metres). Another jointly-owned company in France, Sodevlis, is currently developing 28,000 square metres at Isle d'Abeau and has projects planned at Evry-Lisses, Cergy Pontoise and Fleury-les-Aubrais. Sodevlis is not affected by the deal.

INDUSTRIAL & BUSINESS PROPERTY

SPOTLIGHT ON STRATEGIC INDUSTRIAL & COMMERCIAL SITES AND OFFICES ON MERSEYSIDE

3 KEY INDUSTRIAL SITES (300 HECTARES) NOW AVAILABLE IN WIRRAL

SEE MAP FOR LOCATION



KEY For map above'
INDUSTRIAL ESTATES
GREEN BELT
COUNTRY & OPEN PARKS

Wirral—a dynamic strategically placed growth area.

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A range of fully serviced industrial sites, and new factory units is available for sale or lease, at prices considerably lower than *those in the South of England (commercial property rents in the* Wirral tend to be ½ of London levels and many companies have moved from the South of England to Merseyside to take advantage of lower operating costs).

62 HECTARES (155 acres) OF PRIME INDUSTRIAL SITE LAND IS IMMEDIATELY AVAILABLE FOR DEVELOPMENT

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FIRST CLASS COMMUNICATIONS, ROAD, AIR, SEA, RAIL.

As a result of direct motorway access through the new Wallasey tunnel the Wirral is now adjacent to all the major U.K. markets, and that means 60% of U.K. exporters are only a couple of hours away.

Wirral's new industrial sites have the extensive on tap services of the deep sea port of Liverpool which are particularly suitable for offshore, dock site and imported raw material process industries.

SPECIAL DEVELOPMENT AREA STATUS.

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NO FAVOURITISM ON THE WIRRAL

Diverse multi-nationals medium and small firms stand side by side on all Wirral's expanding industrial sites and each can expect to receive the same help and attention from the Industrial Development Office. Industries are inter-dependent, and our buoyant industrial areas need the small component companies just as much as the multi-national.

Wirral—a delightful place to live and work

Despite the growth of the large industrial complexes, and the smaller component and service industries, and the port and motorway complexes that feed it, the Wirral has remained a very pleasant place to live and work.

LEISURE AND SPORTS.

Sailing, golf, sand-yachting, horse riding, motor racing and an abundance of the more leisurely country park facilities are all *only a stones throw from any of the industrial and commercial centres on Wirral.*

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Wirral is endowed with acres of fine rolling countryside meeting the sea as it does on three sides of the peninsular. The area is rich in cultural heritage as well as being famous for its three large country parks. The country's finest National Parks, the Lake District and Snowdonia are merely a couple of hours from Wirral.

HOW TO GET EXPANSION MOVING.

FIND OUT ABOUT INDUSTRIAL AND COMMERCIAL SITES AND LIFE IN WIRRAL

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PRESENTATION ABOUT WIRRAL

8th to 10th July, 75

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Mr John Price, Director, on 01-405 0488 so that we can arrange that anyone you wish to speak with will be available.

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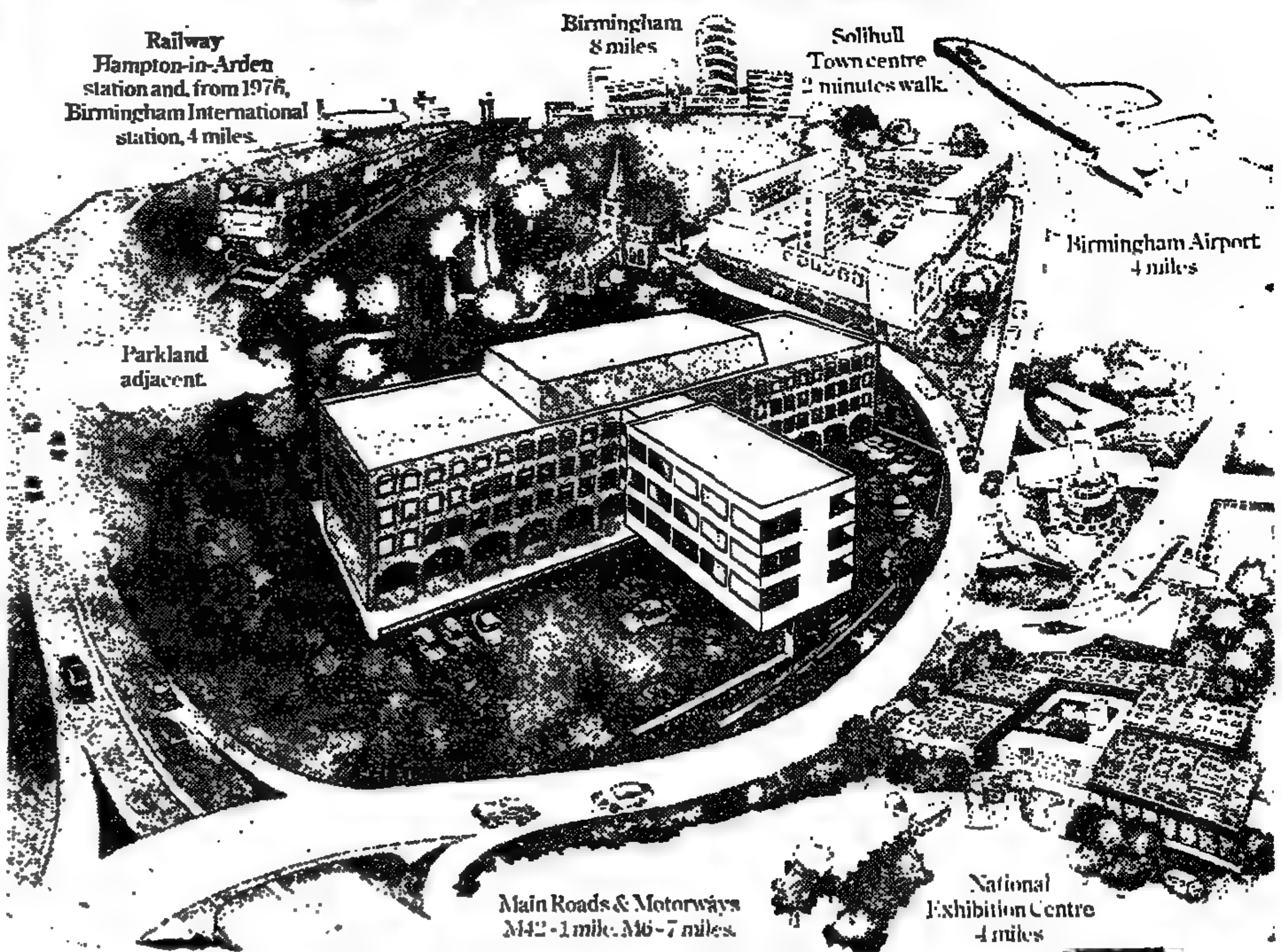

The Inside Advantages

Space 50,000 Sq.ft. of first quality office accommodation, on five floors, in units of 5,500 sq.ft. **Features** * Two Lifts * Air Conditioning * Car Park, for 180 cars, 50% under cover. *COMPLETION-JULY 1975*

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* Midway between Birmingham (8 miles) and Coventry (12 miles)
* Good source of locally resident office staff.

Full details from **Joint Letting Agents:**
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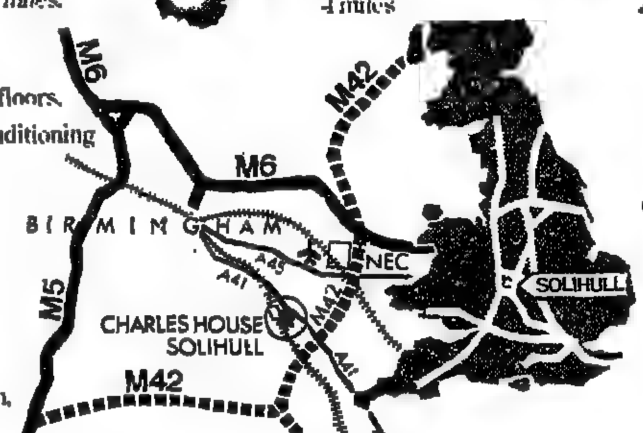
Lawrence Vanger & Co., King Edward House, 135A, New St., Birmingham, B2 4QJ. Tel: 021-643 9602



CHARLES HOUSE, SOLIHULL

In the middle of the Midlands.

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(Close Finsbury Square)
ENTIRE FLOOR MODERN BUILDING
Approx 13000 sq ft
IMMEDIATE OCCUPATION

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SALISBURY HOUSE
FINSBURY CIRCUS E.C.2
Suites 350 sq ft to 3000 sq ft

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MODERN BUILDING
TWELTH FLOOR OFFICE SUITE
Approx 2667 sq ft

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FOR SALE
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SUPERIOR OFFICE ACCOMMODATION

TO LET

17,260 sq. ft. ONLY REMAINING
ON GROUND AND SECOND FLOORS
DIVISIBLE
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ROBERT PINKUS & CO.	R Stewart Newiss & Co
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59717	50825

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Last remaining Unit
10,000 sq. ft.

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Single Storey warehouse
25,000 sq. ft.
Excellent loading,
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Car Parking

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Providing 72,000 sq. ft.
Units from 10,000 sq. ft.

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First Phase 100,420 sq.ft
Due for completion November 1975

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SUPERBLY DESIGNED MODERN SINGLE STOREY FACTORY WITH PRESTIGE THREE STOREY OFFICE AND CANTEEN BLOCK.

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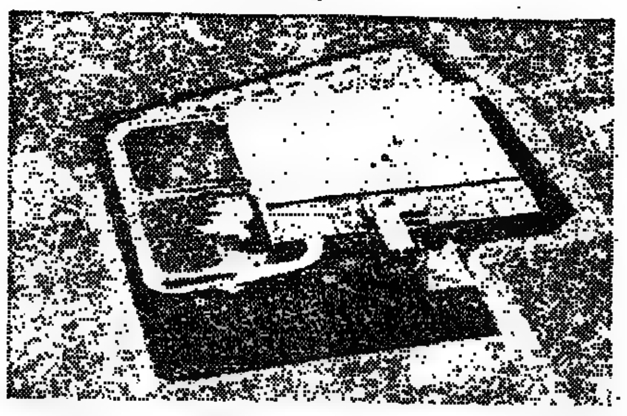

10.2 Acre site

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Phone Leicester 25811

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MAINLY ON ONE FLOOR

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Showroom/Offices

8656 sq. ft.

Six-person lift, large private car park, fitted carpeting, full gas fired central heating, lavish cloakrooms, fully lit.

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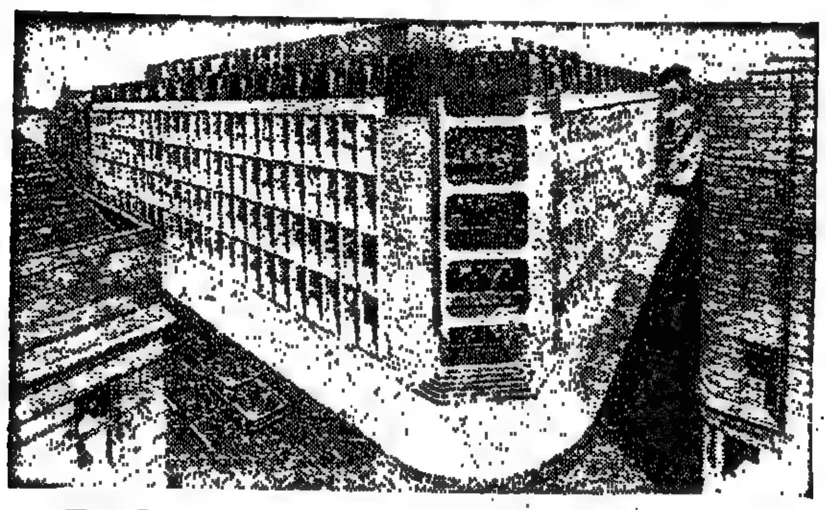

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47,300 SQ. FT. ON 5 FLOORS

THE ONLY NEW OFFICE BUILDING NOW AVAILABLE OCCUPATION JULY

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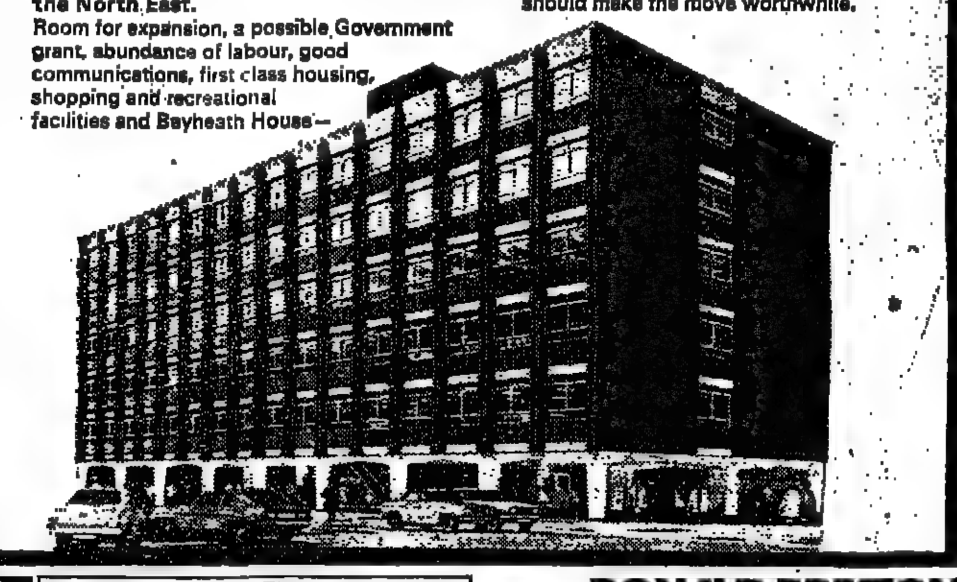

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New Factories immediately available.
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Modern Warehouse and Prestige Offices.
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New industrial or Warehouse units.
Available for Immediate occupation.
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Warehouse Units To Let

UNIT No	SQ FT
1	4,900
2	4,900
3	7,350
4	9,730
5	12,180
6	13,220

Immediate Occupation

First class access via M 23 for Gatwick-London and South Coast Towns

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CLOSE TO M4 AND M40 MOTORWAYS

FACTORY LEASE AVAILABLE

Single storey factory	approx. 11,000 sq. ft.
1st Floor offices	" 1,600 sq. ft.
Canteen, boiler room, etc.	" 370 sq. ft.
	Total: approx. 12,970 sq. ft.

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SUITABLE FOR:

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Principally single-storey production space with adjoining administrative Office Buildings.

Located approx. 2 miles east of City Centre

BUILDING No. 1	65,738 sq. ft.
BUILDING No. 2	15,305 sq. ft.
TOTAL	81,043 sq. ft.

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8,300 sq. ft. 3 Floors in modern block—fully fitted.

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LONDON, S.W.1
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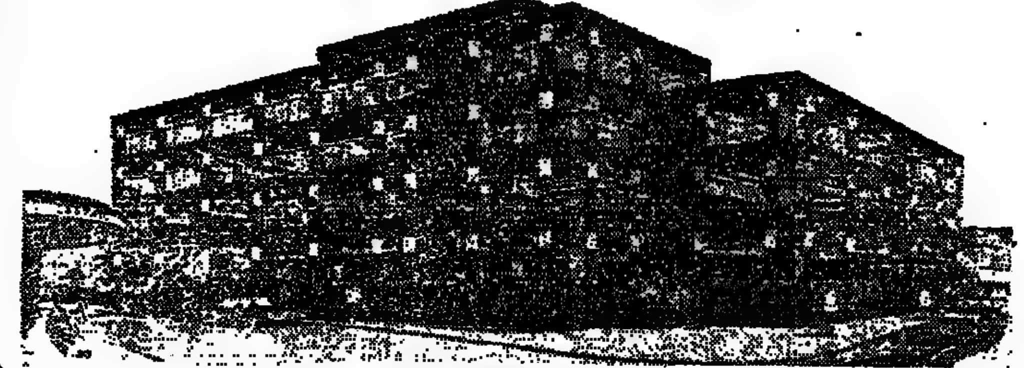
A DEVELOPMENT BY BRITISH ANZANI LIMITED



KENT

58,760 sq.ft.

SUPERB NEW OFFICE BUILDING

TO LET

IMMEDIATE POSSESSION

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Accommodation: 23 Bedrooms, 7 Bathrooms 3 Dining Rooms, 6 Classrooms Library, Offices, 2 Kitchens. Self-contained Flat Oil-fired Central Heating. Approximately 7 Acres. Offers are invited for either Freehold or Leasehold Further details from.

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8,232 sq.ft.
Office Accommodation
To Be Let
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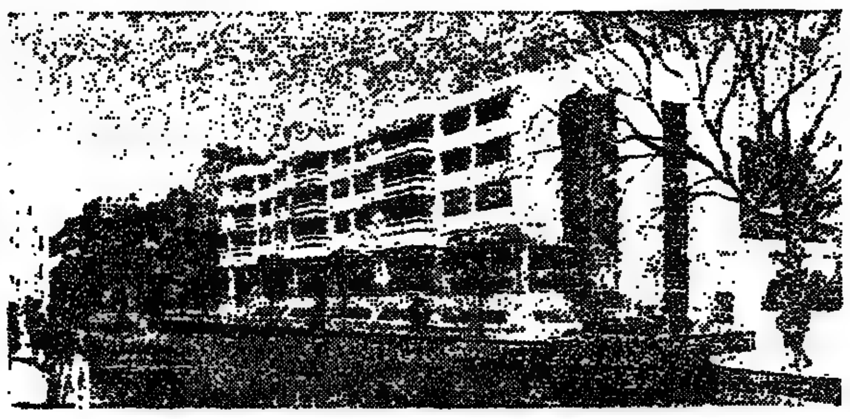
Milner House, Manchester Sq. London W1M 6AA Tel 01-935 4499

Folkestone

New Offices with Storage
20,000 sq. ft.
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43 Castle Hill Avenue, Folkestone, Kent. Tel: Folkestone 57191.

A Development by Rush & Tompkins Group Ltd.
Albion House

Maidstone
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WALTER & FORKNALL
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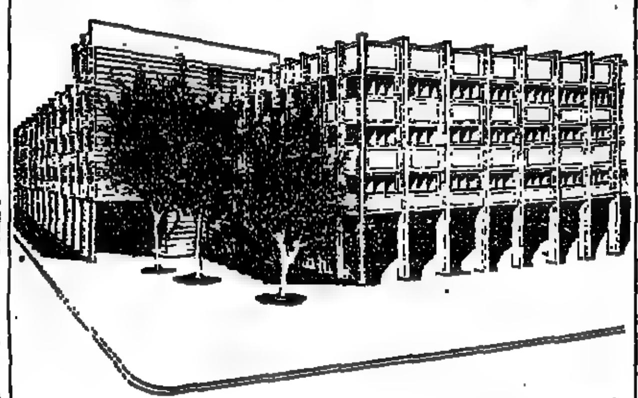
Norfolk House BRISTOL

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Immediate possession.
* Ground floor suite **9,380 sq. ft.**
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One Mermaid Court
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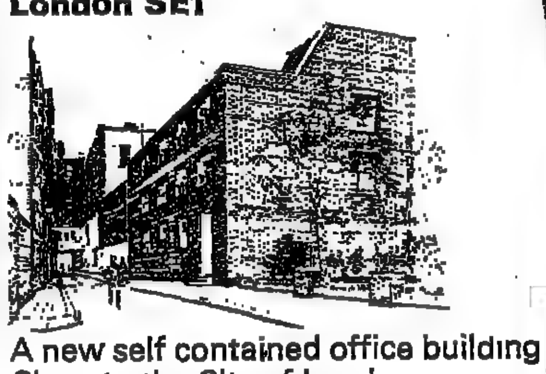
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No Premium. Long Lease.
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New Campus Style Office Complex

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95,000 sq.ft.approx
in units of 21,500 sq ft, 30,500 sq ft and 42,700 sq ft approx

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0.31 Acres Approx.
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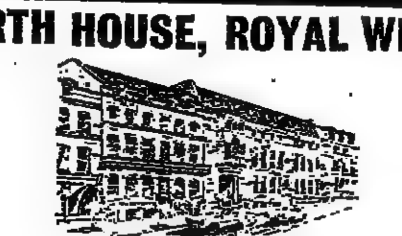

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Offers on the official form should be addressed in sealed envelopes marked "Shopping and Commercial Development, Nutgrove Avenue, Rathfarnham" to the Assistant City Manager, Development Department, Exchange Buildings, Lord Edward Street, Dublin 2, so as to reach him not later than 12.00 noon on Friday 31st October, 1975.

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Industrial company profits up

FINANCIAL TIMES REPORTER

The trading profits of the 408 industrial companies covered by the latest Financial Times survey of company profits and *balance-sheets rose by 48 per* cent., compared with a rise of only 9.7 per cent. in the previous survey, which analysed 216 industrial companies out of a total of 283 companies surveyed.

Companies whose account year ended in the period between October 15, 1974 and January 14, 1975 and which published their accounts up to the end of May 1975 are covered in the latest survey.

The analysis takes in a total of 535 companies including 117 financial and ten commodity corporations. While the commodity companies registered a 15 per cent. profits increase the financial companies showed an increase of a mere 0.1 per cent.

The 168 capital goods companies reported trading profits up 18.8 per cent. although earnings for ordinary dividends were up only 7.6 per cent. The The 43 consumer durables companies' trading profits fell by 19.8 per cent. and earnings for ordinary dividends were down even more sharply by 62.1 per cent.

The worst fall in the industrial sector was in the household goods section where the 17 companies reporting recorded a 40.7 per cent. drop. The sharpest increase, on the other hand, came from the six oil companies which revealed trading profits up 90.2 per cent. although earnings for Ordinary dividends were less dramatic with an increase of 62 per cent.

In the industrial sector as a whole there had been a significant increase in earnings for Ordinary dividend over the previous survey. That revealed a decline of 10.6 per cent. whereas the latest survey registers a 30.9 per cent. increase and a 5.6 per cent. increase in the amount of dividend paid.

In the financial sector earnings for Ordinary dividends declined 18 per cent. on the previous survey although the amount of dividend paid climbed by 12 per cent. The survey shows net return on capital for the industrial sector of 25.7 per cent.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 535 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's *comparison in brackets*) of 535 companies *whose account year ended in the* period between October 15, 1974, and January 14, 1975, which published their reports up to the end of May, 1975. (Figures in £000).

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & Tax (2)	Pre-Tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. Dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap'l % (9)	Net Current assets (10)
AIRCRAFT & COMPONENTS	1	73,146 (63,721)	+14.8	59,726 (51,714)	55,021 (48,117)	25,802 (22,598)	26,814 (23,050)	+16.3	5,847 (5,394)	+8.4	29,580 (26,700)	284,141 (243,705)	21.0 (21.2)	152,146 (130,962)
BUILDING MATERIALS	41	267,581 (269,211)	—0.7	186,843 (195,393)	146,865 (159,524)	72,693 (74,992)	58,636 (88,280)	—32.5	29,600 (30,464)	—2.8	115,840 (136,363)	1,280,114 (1,031,385)	14.6 (18.9)	257,937 (218,257)
CONTRACTING & CONSTRUCTION	27	125,616 (110,574)	+13.6	98,794 (89,122)	75,870 (74,756)	40,225 (36,144)	32,791 (36,042)	—9.0	5,998 (5,880)	+2.0	51,011 (49,974)	505,163 (441,715)	19.6 (20.2)	168,305 (123,518)
ELECTRICALS (EX ELECTRN. ETC.)	7	86,437 (83,050)	+4.0	68,352 (65,824)	50,890 (54,942)	23,407 (27,260)	21,375 (20,599)	+3.5	8,422 (7,539)	+11.7	51,034 (50,566)	475,833 (423,346)	14.4 (15.5)	135,568 (137,227)
ENGINEERING	70	457,397 (338,396)	+35.2	370,641 (261,800)	299,341 (220,360)	161,736 (111,354)	133,541 (101,285)	+31.8	39,020 (35,142)	+11.0	173,311 (151,958)	1,969,875 (1,628,489)	18.8 (16.1)	639,216 (601,428)
MACHINE TOOLS	6	11,298 (8,402)	+34.5	8,931 (6,491)	7,521 (6,586)	3,960 (2,642)	3,551 (2,909)	+21.4	1,176 (1,041)	+13.0	4,295 (3,478)	54,750 (40,654)	16.3 (16.0)	28,824 (16,389)
SHIPBUILDING	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISC. CAPITAL GOODS	16	75,132 (49,305)	+52.4	65,489 (41,464)	55,885 (36,411)	29,146 (17,785)	25,318 (15,965)	+46.1	6,059 (5,174)	+17.1	26,279 (17,364)	241,646 (205,395)	27.1 (20.2)	87,253 (65,285)
TOTAL CAPITAL GOODS	168	1,096,507 (923,559)	+18.8	858,776 (711,807)	691,493 (609,698)	356,959 (292,775)	309,904 (288,130)	+7.6	96,120 (90,654)	+6.0	428,350 (383,395)	4,811,502 (4,014,667)	17.8 (17.7)	1,459,249 (1,293,066)
ELECTRONICS RADIO & TV	5	37,312 (43,669)	—14.6	31,558 (38,455)	25,860 (36,135)	11,744 (16,742)	13,794 (18,477)	—25.5	3,606 (3,440)	+4.9	15,664 (19,920)	167,969 (122,885)	18.7 (31.3)	65,926 (56,898)
HOUSEHOLD GOODS	17	31,019 (52,338)	—40.7	22,194 (44,898)	19,404 (42,854)	11,041 (20,287)	8,254 (22,374)	—63.1	5,238 (5,082)	+3.1	10,737 (24,112)	177,170 (166,485)	12.5 (26.7)	93,578 (80,263)
MOTORS & COMPONENTS	11	37,042 (53,014)	—30.1	20,740 (37,201)	6,705 (29,225)	10,357 (11,816)	—4,502 (16,474)	—128.1	3,171 (3,436)	—7.7	7,218 (27,474)	264,516 (234,657)	7.8 (15.8)	75,358 (62,660)
MOTOR DISTRIBUTORS	12	41,556 (34,064)	+22.0	31,181 (26,720)	16,805 (18,946)	9,035 (9,255)	7,514 (9,384)	—19.9	3,422 (3,730)	—8.3	12,600 (11,399)	187,485 (292,857)	16.6 (9.1)	35,609 (31,833)
TOTAL CONSUMER DURABLES	43	146,929 (183,085)	—19.8	105,473 (146,766)	68,770 (127,158)	42,178 (58,098)	25,260 (66,709)	—62.1	15,439 (15,688)	—1.6	46,219 (82,905)	796,958 (816,864)	13.2 (18.0)	270,171 (241,650)
BREWERIES	2	441 (355)	+24.2	359 (288)	355 (272)	177 (135)	155 (135)	+14.8	73 (65)	+12.3	127 (100)	1,714 (1,560)	20.9 (18.5)	117 (221)
DISTILLERIES & WINES	6	15,420 (13,425)	+14.9	13,846 (11,966)	10,862 (10,699)	4,708 (4,877)	6,084 (5,748)	+5.8	1,555 (1,414)	+8.4	5,737 (5,331)	95,255 (70,712)	14.5 (16.9)	35,138 (36,644)
HOTELS & CATERERS	2	36,225 (40,906)	—11.4	25,205 (31,653)	9,118 (19,989)	2,179 (6,712)	6,732 (12,706)	—47.0	6,865 (6,832)	+0.5	10,814 (15,130)	515,660 (288,554)	8.0 (11.0)	—6,729 (3,382)
LEISURE	12	29,663 (24,174)	+22.7	25,409 (21,544)	21,158 (19,634)	11,930 (9,683)	8,859 (9,359)	—5.2	2,810 (2,664)	+5.5	8,541 (6,950)	80,696 (67,098)	31.5 (37.7)	7,659 (4,517)
FOOD MANUFACTURING	13	350,514 (298,993)	+17.2	277,228 (233,965)	229,353 (210,461)	118,234 (103,262)	101,555 (101,031)	+0.5	31,943 (29,254)	+9.2	139,603 (135,782)	1,482,676 (1,295,954)	18.7 (18.1)	615,376 (426,906)
FOOD RETAILING	7	8,373 (7,643)	+9.6	6,458 (5,990)	5,528 (5,565)	2,875 (2,558)	2,641 (2,777)	—4.9	857 (782)	+7.0	2,973 (2,981)	26,963 (24,560)	24.9 (24.6)	2,880 (191)
NEWSPAPERS AND PUBLISHING	15	40,816 (46,413)	+3.9	39,568 (38,079)	34,117 (35,005)	16,728 (15,564)	16,755 (18,818)	—11.0	5,217 (5,257)	—0.8	18,716 (20,369)	200,719 (171,665)	19.8 (22.2)	57,896 (52,592)
PACKAGING AND PAPER	12	99,342 (64,412)	+54.2	80,385 (48,389)	72,458 (42,366)	37,774 (19,505)	34,564 (21,019)	+63.5	8,605 (7,560)	+14.6	41,264 (28,186)	285,753 (223,661)	28.3 (21.6)	112,710 (92,056)
STORES	3	4,674 (5,325)	—12.2	2,698 (3,557)	1,751 (2,952)	1,095 (1,491)	896 (1,440)	—31.7	625 (726)	—13.9	1,840 (2,315)	7,306 (8,487)	36.8 (41.8)	—3,083 (—4,304)
CLOTHING AND FOOTWEAR	22	40,720 (36,722)	+8.2	32,424 (30,835)	24,994 (25,946)	12,904 (12,385)	11,896 (13,234)	—10.1	4,159 (3,858)	+7.8	14,242 (15,676)	173,606 (166,536)	18.7 (19.4)	54,835 (55,260)
TEXTILES	14	14,894 (17,535)	—15.1	9,635 (13,086)	7,189 (11,157)	2,886 (4,223)	4,287 (7,422)	—42.2	1,488 (1,883)	—21.0	7,556 (9,502)	77,945 (75,194)	12.4 (17.4)	26,305 (26,352)
TOBACCO	1	140,955 (148,948)	—5.4	114,552 (127,235)	73,504 (96,626)	35,279 (39,700)	37,975 (56,970)	—33.3	30,482 (30,482)	—	55,046 (47,365)	988,906 (850,786)	11.6 (14.9)	290,705 (209,718)
TOYS AND GAMES	2	3,361 (2,480)	+35.5	2,765 (1,995)	2,399 (1,621)	1,226 (914)	1,169 (900)	+29.9	310 (285)	+9.5	1,506 (979)	11,217 (8,554)	24.6 (23.3)	4,094 (2,565)
TOTAL CONSUMER NON-DURABLE	110	792,809 (709,528)	+11.8	630,474 (568,602)	492,746 (482,451)	247,955 (221,099)	233,157 (251,559)	—7.3	94,385 (90,440)	+4.4	287,545 (290,385)	5,748,394 (5,233,121)	16.8 (17.6)	1,117,701 (906,120)
CHEMICALS	22	936,366 (745,292)	+25.6	782,415 (607,498)	685,878 (427,847)	317,864 (195,980)	347,627 (204,967)	+69.6	76,294 (68,615)	+11.3	470,032 (331,216)	3,559,869 (2,959,990)	22.3 (17.1)	1,212,064 (949,777)
OFFICE EQUIPMENT	8	148,377 (131,947)	+12.4	129,513 (115,889)	106,625 (102,985)	52,993 (50,026)	51,479 (49,705)	+3.6	13,542 (12,344)	+9.7	55,381 (53,038)	700,309 (606,144)	18.5 (19.1)	148,885 (142,722)
OIL	6	4,552,658 (2,393,351)	+90.2	4,139,999 (2,059,883)	3,941,323 (1,921,562)	2,887,555 (1,288,965)	970,218 (597,553)	+62.4	159,324 (156,878)	+1.6	1,239,959 (791,825)	11,858,576 (6,775,552)	34.9 (30.4)	2,839,173 (1,836,786)
SHIPPING	7	88,261 (66,916)	+31.9	61,062 (46,074)	45,252 (34,318)	21,008 (13,108)	22,584 (20,836)	+8.4	7,147 (6,618)	+8.0	37,372 (31,599)	445,618 (413,162)	13.8 (11.1)	8,478 (26,211)
INDUSTRIAL HOLDING CO.	26	356,426 (294,197)	+21.1	342,474 (236,592)	213,786 (186,460)	112,840 (89,914)	82,361 (77,182)	+6.7	26,787 (23,607)	+13.5	114,041 (97,849)	1,593,705 (1,366,318)	21.5 (17.4)	320,817 (262,749)
MISC. INDUSTRIAL	18	53,260 (46,385)	+14.8	38,723 (34,827)	31,936 (35,532)	15,782 (14,197)	15,470 (15,302)	+1.1	6,879 (6,037)	+13.9	21,483 (20,092)	222,329 (200,930)	17.4 (17.3)	28,161 (25,068)
TOTAL INDUSTRIALS	408	8,151,588 (5,493,158)	+48.8	7,088,547 (4,427,338)	6,280,790 (3,927,827)	4,054,544 (2,222,150)	2,058,056 (1,571,932)	+30.9	475,918 (450,761)	+5.6	2,709,382 (2,087,311)	27,632,280 (20,373,722)	25.7 (21.7)	7,404,195 (5,672,151)
BANKS	5	829,238 (824,969)	+0.5	730,680 (739,365)	583,884 645,171	319,270 (314,170)	261,251 (320,395)	—18.5	50,842 (47,398)	+7.3	305,515 (347,714)	4,826,276 4,521,794	15.1 (17.1)	1,174,165 (1,210,975)
DISCOUNT HOUSES, MERCHANT BANKS etc.	9	100,578 (111,546)	—9.8	— (—)	— (—)	— (—)	20,945 (27,318)	—23.3	11,185 (9,588)	+16.6	— (—)	‡4,122,806 (‡4,070,359)	— (—)	144,090 (107,151)
HIRE PURCHASE	2	27,543 (25,088)	+19.3	27,018 (22,596)	7,267 (9,871)	433 (4,728)	6,891 (5,040)	+36.7	1,620 (2,075)	—19.0	6,509 (5,250)	168,782 (168,078)	16.0 (13.4)	52,198 (57,985)
INSURANCE	15	222,745 (236,226)	—5.7	— (—)	— (—)	— (—)	114,501 (149,442)	—23.4	73,991 (62,529)	+18.3	— (—)	‡7,509,423 (‡7,566,205)	— (—)	—1,039,563 (—1,080,998)
INSURANCE BROKERS	6	39,018 (33,721)	+15.7	34,871 (29,944)	31,134 (28,489)	16,891 (13,557)	14,295 (14,218)	+0.5	6,753 (6,255)	+9.5	11,214 (10,630)	92,875 (76,715)	37.5 (39.6)	21,603 (22,396)
INVESTMENT TRUSTS	65	73,563 (65,385)	+12.5	72,820 (64,522)	57,593 (48,999)	22,433 (16,116)	34,164 (31,942)	+7.0	30,734 (28,157)	+9.1	3,435 (3,790)	868,846 (1,312,798)	8.4 (4.9)	105,237 (60,012)
PROPERTY	11	73,122 (56,709)	+28.9	71,150 (65,163)	13,522 (17,192)	4,178 (4,438)	6,524 (10,525)	—38.0	4,896 (4,820)	+1.6	2,409 (6,884)	1,012,935 (907,021)	7.0 (6.1)	20,055 (41,366)
MISC. FINANCIAL	4	10,529 (9,797)	+7.5	10,080 (9,896)	1,954 (3,851)	980 (1,772)	900 (1,746)	—48.6	316 (416)	—23.6	791 (1,538)	82,545 (66,297)	12.2 (16.7)	54,005 (24,524)
TOTAL FINANCIAL	117	1,376,421 (1,361,442)	+0.1	946,619 (920,986)	695,254 (753,525)	363,175 (354,781)	459,469 (560,626)	—18.0	179,399 (160,236)	+12.0	328,811 (373,506)	†7,051,257 (†6,841,708)	†13.4 (†13.5)	531,789 (445,591)
RUBBERS	5	5,181 (3,126)	+65.7	4,600 (2,788)	4,600 (2,629)	2,496 (1,835)	2,402 (1,557)	+54.3	809 (733)	+10.4	1,952 (1,157)	11,741 (10,474)	40.9 (26.6)	1,742 (984)
TEA	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TIN	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISCELLANEOUS MINING	1	384,800 (334,200)	+15.1	318,100 (265,900)	279,100 (224,800)	135,800 (68,400)	62,100 (69,100)	—10.1	9,700 (8,800)	+10.2	117,600 (127,200)	1,016,600 (1,348,800)	31.3 (19.7)	317,600 (231,800)
OTHER RAW MATERIALS	4	2,378 (3,961)	—40.0	1,685 (3,576)	1,566 (3,376)	907 (1,558)	602 (1,859)	—67.6	367 (508)	—29.7	592 (1,683)	26,881 (25,409)	7.0 (14.1)	3,766 (4,429)
TOTAL COMMODITIES	10	392,359 (341,287)	+15.0	324,785 (272,264)	285,456 (230,805)	139,305 (61,177)	65,104 (72,516)	—10.2	10,866 (10,041)	+8.2	120,024 (130,020)	1,055,422 (1,384,683)	30.8 (19.7)	323,108 (237,213)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits, plus investment and other normal income properly *belonging to the financial year covered.* The figure is struck before charging depreciation, loan and other interest, directors' emoluments and others items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges, except loan and other interest, but *before* deducting taxation provisions and minority interests in the case of *Banks no figure can be shown because* of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1. Minority interests
2. All prior charges—sinking fund payments, etc., and Preference dividends and
3. Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally of a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities except bank overdrafts.

‡ For merchant banks and discount houses a more realistic figure to quote is the balance sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchants banks, discount houses, insurances, etc.

* No figures given.

Col. 10 Net current assets are arrived at by the subtraction of current liabilities and provision from current assets. It must therefore be regarded mainly as an industrial activity and is not necessarily an indication of the volume and the value, or true guide to actual liquid resources.

Trial for oil protection tug

THE FLEET tug HMS Reward, to be used for protecting offshore oil and gas installations, will sail from Chatham naval base on Monday for sea trials, having an extensive refit, including the installation of a Bofors gun.

It is expected that Reward will finally leave Chatham for Port Edgar, Firth of Forth, where she will be based, and will be on duty off the East Anglian coast by the end of July. On July 2 she will be visited by Mr. William Rodgers, Minister of State for Defence.

Another vessel is already on station, and a £5m. contract for five specially-built ships for rig defence has been given to an Aberdeen shipyard.

Channel Island stamps demand

SHARP INCREASES in the retail prices of recent issues of Channel Islands' postage stamps are being made by philatelic dealers because of growing demand.

The issues include the Jersey and Guernsey sets of postage due stamps of October, 1969, catalogued by Stanley Gibbons at £35 and £24 respectively and now offered at up to £50 and £30 a set. Last year the prices were £12 and £8.50.

Big increases are also shown for commemorative stamps issued during 1970 and 1971, in particular the Jersey "Battle of Flowers" set of 4, being offered at up to £12 although catalogued at £5.50.

Entertainment Guide

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

EXHIBITIONS

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Further gain on economic index rise

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 26.

FURTHER SMALL gains were scored on Wall Street to-day, helped by the Commerce Department report of a 2.1 per cent. gain in leading U.S. Economic Indicators in May, the third consecutive monthly increase. However, the Government revised downward the figure for April to 3 per cent. from 4.2 per cent. previously reported.

The Dow Jones Industrial Average finished 1.41 up at 874.14, after rising 5.79 to 878.52, and the NYSE All Common Index moved up another 11 cents to $50.62, while gains led losses by 829-to-580. Trading volume expanded 2.95m. shares to 24.56m.

The Assistant Secretary for Economic Affairs said the Government index figures were further evidence of the developing economic recovery, meanwhile the Commerce Department reported the U.S. Merchandise Trade Surplus expanded sharply last month from April.

The Stock Market was held back, however, by a continuing increase in short-term Money Market rates, including rates on Treasury bills and Federal Funds.

Late in the session, the Government reported that Retail Sales fell 0.3 per cent. last week from the previous seven days, the third decline in the past four weeks.

General Motors rose $1¼ to $47⅞, as did Du Pont $1¼ to $129⅞.

Texaco, the most active issue, shed $⅛ to $26⅛—a block of 600,000 shares traded at $26¼.

On other Oils, Exxon gained $⅝ to $91⅞, but Atlantic Richfield off $1⅞ to $101⅞.

Helme Products put on $⅞ to $13⅛ on the Board's recommended acceptance of the General Cigar offer of $13.25 for each Common share. General Cigar lost $⅛ to $13⅞.

I-T-E Imperial climbed $1⅛ to $21 but Combustion Engineering declined $1⅞ to $55⅛ on merger talks.

Varian Associates reacted $1⅞ to $15⅞ in active trading.

Merrill Lynch firmed $⅛ to $17⅞ on its forecast of its "best second quarter" on record.

Fleetwood fell $1⅛ to $15⅞ and Skyline were down $1 to $22⅛.

Federal Company gained $1¼ to $19⅛ on sharply higher fourth-quarter May 31 net.

Eastern Gas and Fuel surrendered $2⅛ to $44⅛, despite a three-for-two stock split and an increase in the cash dividend.

The American SE Market Value Index was up 0.42 to 92.70, with advances outnumbering declines by 362 to 317.

The Industrial Share Index rose 1.41 to 189.19, Golds 1.10 to 417.19, Base Metals 0.78 to 74.66, Western Oils 7.41 to 206.16. Utilities 0.21 to 129.16. Banks 0.67 to 266.95 and Papers 0.12 to 110.05.

Calgary Power Preferred "H" dropped $2⅞ to $75⅞ and the "G" $2 to $73 on the marketing of a new issue of 200,000 9.80 per cent. Preferreds.

Pacific Petroleum moved up $1⅞ to $25 and Hudson's Bay Oil and Gas $1⅞ to $35⅛.

PARIS—Mixed but with majority gains in later trading, encouraged by the lower rise in the Retail Price Index and rumours of new Government measures to stimulate investment at the end of the month.

Banks, Properties, Foods, Chemicals, Metals and Stores were irregular, but Portfolios and Sugar Refineries fell back, while Rubbers, Engineerings, Oils and Electricals were well maintained.

BRUSSELS—Mixed trend with a majority of falls, trading was very quiet, awaiting a lead from Wall Street.

AMSTERDAM—Hoogovens, off Fl.0.9 at 50.1, continued Wednesday's weaker trend in otherwise firmer Dutch Internationals, led up by Royal Dutch which gained Fl.1.7 to 92.8 on U.S. interest.

Banks and Shippings were generally firmer, led by Middenstandsbank, KNSM, and Van Ommeren. Insurances were mixed while Plantations generally weaker and Investment Funds eased slightly.

SWITZERLAND—Markets eased on lack of follow-through support after a slightly firmer opening.

Banks, Financials and Insurances were narrowly mixed with an easier bias.

In Industrials, Sandoz were slightly easier. Nestle Bearer were resistant but the Registered eased.

GERMANY—Mixed to lower.

Banks were mostly higher. Dresdner Bank rose DM1.50 to 231.50 and Deutsche Bank DM1.90 to 293, while Commerzbank shed DM0.50 to 200.

In higher Electricals, AEG gained DM0.20 to 68.20 and Siemens DM0.50 to 258. Chemicals were lower. BASF declined DM1 to 125.50 and Hoechst DM1.20 to 183. Metals were also lower.

Motors mostly declined. Daimler dipped DM0.50 to 287 and VW DM0.90 to 96.50. Machine Makers were predominantly lower. Steels were mixed to higher.

Minings were mixed. Utilities steady. Stores declined.

MILAN—lower in thin dealings. Bonds were fairly steady.

HONG KONG—Higher in light trading.

Hong Kong Bank tacked on 10 cents at $HK16.50, Hutchison 2½ cents at $HK2.375, Jardine 20 cents $HK23.30, Hong Kong Electric 2½ cents to $HK3.525, China Light 40 cents to $HK14.90 and Hong Kong Telephone 10 cents to $HK17.00.

TOKYO—Market eased in light trading on caution over the fall of the yen against the U.S. dollar. Turnover 120m. (160m.) shares.

Electricals were lower, led by Sony, down Y40 to 3,730.

Blue Chips also fell as dealers expect a decline in Foreign portfolio investment in Japanese stocks following the decline of the yen.

Constructions, Pharmaceuticals, Heavy Electricals and Motors also eased.

JOHANNESBURG—Golds gained ground on bullion price trends in moderate trading, mainly on Local account.

"Marginal" and "speculative" shares gained 5 to 15 cents, "mediums" 10 to 20 cents and "heavyweights" up to 75 cents.

Financial Minings were mixed. Coppers were lower.

Leading Industrials were steady to firm.

AUSTRALIA—Irregular in dull trading ahead of year-end book squaring.

Coals, however, met active support, with Utah gaining 20 cents to a high for the year of $A7.50. Thiess put on 3 cents to $A2.38 and Coal and Allied gained 8 cents to $A2.40.

Minings were mixed. Pancontinental were 5 cents down at $A3.30, while Poseidon fell 15 cents to a new low for the year of $A3.10.

Among Oils, Woodside-Burmah rose 4 cents to 69 cents.

Cyclone dipped 5 cents to $A1.95. CSR shed 5 cents to $A4.15 and Bank of NSW 6 cents to $A6.24.

OTHER MARKETS

Canada moves up

All sectors gained ground in moderate tradin gon Canadian Stock Markets yesterday.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume† 000's
June					
26	69.51	169.90	874.14	86.34	24,560
25	69.57	163.59	872.73	86.69	21,610
24	69.63	168.10	869.06	87.07	26,620
23	69.55	167.81	864.83	86.50	20,720
20	69.26	166.76	855.44	86.24	26,960
19	69.06	166.36	845.36	86.37	21,450
18	68.72	164.68	827.83	83.40	15,590
17	68.93	165.19	828.61	82.32	19,440
16	68.46	167.16	834.5	82.60	16,660
13	67.70	167.53	824.47	81.90	16,300
12	68.53	167.69	819.31	81.61	15,970
11	—	169.21	824.55	81.51	12,250
10	68.27	168.88	822.12	81.80	21,150
9	68.04	170.07	830.10	82.21	20,670
6	67.91	170.52	839.64	[illegible]	22,230
5	67.78	168.72	842.15	82.82	21,610
4	67.89	169.32	839.96	83.01	24,900

U.S. STOCK INDICES STANDARD AND POORS

		*Industrials	†Composite
June	26	106.36	94.91
	25	106.09	94.62
	24	105.54	94.19
	23	104.88	93.62
	20	103.70	92.61
	19	103.04	90.01
1975 High		106.36 (26/6)	94.91 (26/6)

* 425 Industrials. Utilities, 25 Rails.

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks...	June 26	June 19	June 12
On Dividends	7.36	7.35	7.11
On Earnings	14.12	14.15	13.67

SYDNEY ALL ORD. INDEX

June 26	June 25	High 1975	Low 1975
366.01	366.55	383.55 (4/6)	289.88 (9/1)

TOKYO NEW SE INDEX

STOCK AND BOND YIELDS

THURSDAY'S ACTIVE STOCKS

HONG KONG INDEX

SINGAPORE INDEX

IND. DIVIDEND YIELD p.c.

N.Y. SE ALL COMMON INDEX

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

EUROPE

TORONTO

MONTREAL

COMBINED INDEX

JOHANNESBURG

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—97% (96%)

NEW YORK

CANADA

GERMANY

June 26	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	68.2	+0.2	—	—
Allianz Versich.	457	—1	17	2.1
B.M.W.	220		14	3.4
BASF	125.5	—1	17	6.9
Bayer	109		17	6.9
Bayer Hypo	304	+1	18	3.0
Bayer Vereinsbk.	336	+2.5	18	2.4
Commerzbank	200	—0.5	17	4.3
Conti. Gummi	70.5		—	—

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

PARIS

TOKYO

STOCKHOLM

MILAN

SWITZERLAND

BRUSSELS

SPAIN

OSLO

COPENHAGEN

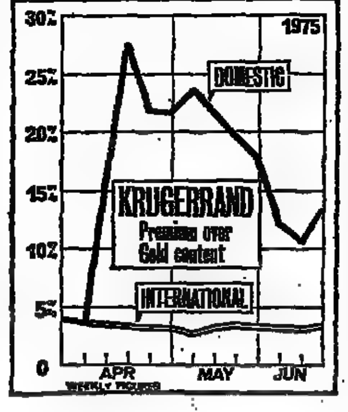
Pound weaker

Sterling again reached its worst levels ever against major currencies in general in the foreign exchange market yesterday, with its trade-weighted average depreciation against ten units since the Washington Currency Agreement of December, 1971 (as calculated by the Bank of England) widening on balance to 27.1 per cent., from the previous evening's 26.8 per cent., and standing at 27.0 per cent. in early dealings, and at 27.2 per cent. at noon (while it was reported at its worst of the day, in the late morning, to have been around 27.3 per cent.). A good business was done, with uncertainty over the U.K. economic outlook continuing to dominate dealings, while a suggestion reported from Switzerland that the pound might fall in terms of the U.S. dollar to some $2.18 added weight to the market's concern over the pound's prospects. The Bank of England gave a certain amount of assistance, operating (as it has occasionally in the past) in its own name through the broking system. The firmer trend seen lately in dollar interest rates again worked against the pound's favour. In terms of the dollar, the pound fell 135 points on balance, to $2.2425-2.2435—opening at $2.2470-2.2480, and falling to $2.2395-2.2405 in the late morning, but touching $2.2450-2.2460 in mid-afternoon.

The dollar's weighted loss against 14 currencies since the Washington Agreement (as measured on noon rates in New York by Morgan Guaranty) narrowed further, to 6.35 per cent., from 6.40 per cent., while sterling's depreciation on a similar basis widened to 33.42 per cent., from 32.74 per cent., and the Japanese yen's similar fall narrowed to 0.97 per cent., from 1.33 per cent.

Gold fell $¼ an ounce on balance in London to $163¾-$164¾, in moderate turnover—opening at $164¼-$165¼, and touching $163½-$164½ in the later afternoon.

Gold coins were in demand in domestic dealings against the background of the pound's fall in the foreign exchanges. The Krugerrand reached a premium of 13¼ per cent. over its gold content, against 11⅝ per cent. overnight, while the old sovereign opened a premium over the new.



EXCHANGE CROSS-RATES

June 26	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.343-346	56.74-34	6.42-44	5.253-257	96.50-80	93.30-94.0
N. York	42.63-67	—	24.96-98	2.852-855	2.2410-2415	41.18-22	40.07-10
Paris	170.6-171.0	3.996-006	—	11.3975-4225	8.965-9.990	164.8-165.2	160.24-64
Brussels	14.93-99	35.04-35.09	8.75-79	—	78.61-80	14.43-48	14.03-09
London	5.25½-26½	2.2425-35	8.97½-98½	78.55-75	—	5.44-46	5.59-60
Am'erdam	103.54-59	2.4252-77	60.705-765	6.9195-9245	5.4425-75	—	97.256-308
Zurich	106.31-46	2.4935-76	62.31-32	7.1075-1200	5.5945-601	102.70-81	—

U.S.$ in Montreal. U.S.$=102.80-82 Canadian cents. Canadian $ in New York. $C1=97.30-32 U.S. cents. U.S. $ in Milan 627.50. Sterling in Milan 1407.65.

EURO-CURRENCY INTEREST RATES*

June 26 1975	Sterling	U.S. Dollar	Canadian Dollar	Dutch guilder	W. German mark	Swiss franc
†Short term	7⅛-8	—	4¾-5¾	5⅞-6⅛	5¼-5⅛	¾-1
7 days notice	8-9	6¼-6¾	6⅛-6⅛	5⅞-6⅛	5⅛-5⅜	6⅛-7
Month	9½-10	6⅛-6⅜	6⅜-7⅛	5⅛-5⅜	4⅞-4⅞	5⅛-5¾
Three months	10⅛-10⅜	6⅝-7⅛	7⅛-7⅜	4⅞-4⅞	4⅞-4⅞	4-4¼
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Rates are nominal closing rates.
† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two days' notice for guilders and Swiss francs.

GOLD MARKET

	June 26 1975	June 25 1975
Gold bullion (a fine ounce)		
Close	$163¾-164¾	$164-165
Opening	$164¼-165¼	$162¾-163¾
Morning fix'g	$164.10 (£72.950)	$163.00 (£72.140)
Afternoon fix'g	$164.00 (£72.986)	$164.00 (£72.727)
Gold coins (domestically)		
Krugerrand	$185-187 (£82½-83½)	$182½-184½ (£80¾-81¾)
New sov'r'gns	$55½-57½ (£24¾-25¾)	$54¼-56¼ (£24-25)
Old sov're'gns	$57½-59½ (£25¾-26¾)	$54¼-56¼ (£24-25)
Gold coins (int'rn't'n'aly)		
Krugerrand	$168½-170½ (£75-76)	$168½-170½ (£74½-75½)
New sov'r'gns	$50-51 (£22¼-22¾)	$50-51 (£22¼-22¾)
Old Sov're'gns	$50-51 (£22¼-22¾)	$50-51 (£22¼-22¾)
$20 Eagles	$245-250	$245-250
$10 Eagles	$120-125	$120-125
$5 Eagles	$88-93	$90-95

FOREIGN EXCHANGES

June 26 1975	Bank Rates %	Market Rates: Day's Spread	Market Rates: Close
New York	6	2.2395-2.2540	2.2425-2.2435
Montreal	8¼	2.3010-2.3140	2.3040-2.3050
Amsterdam	6	5.42-5.47	5.44-5.45
†Brussels	6½	78.60-79.20	78.55-78.75
Copenh'gen	8	12.20-12.29	12.23½-12.24½
Frankfurt	4½	5.23½-5.29	5.25½-5.26½

OTHER MARKETS

FORWARD RATES

FARMING AND RAW MATERIALS

EEC plan to drain wine 'lake'

By Robin Reeves

BRUSSELS, June 26.

PROPOSALS AIMED at promoting a better balance between EEC wine production and consumption, thereby ridding the Community of its surplus wine "lake" have been agreed by the European Commission. They will be put before next month's meeting of the Council of Agricultural Ministers.

The proposals include a ban on all new vine plantings until January, 1977, or even longer if the Council decides on an extension; replanting of only higher quality, lower yielding, varieties and in some areas a limit of two-thirds on the number of vines which can be replanted; an increase of 0.5 of a degree hectolitre in the *minimum alcohol* content for all wines and 1 degree hectolitre in table wine; and voluntary, or even compulsory distillation of bad quality wines at the beginning of the season for which growers would be paid 50 per cent. of the guide price.

The proposals are unlikely to be greeted enthusiastically by the Council. But Ministers committed themselves to taking action to improve the structural disequilibrium in the EEC wine market at the time of the "wine war" in April.

SETTLEMENT OF TIN DISPUTE FORECAST

By Our Commodities Editor

MUTUALLY agreed settlement between the Tin Council and the buffer stock manager, Mr. Tom Adnan, and his deputy, Mr. Jaime Bueno, is forecast by the Investors Chronicle in its issue, out to-day.

The article says that Mr. Adnan emphatically denies that he had been dealing on his own account. The Tin Council is meeting in London this week, and is expected to issue a press communique to-day.

MALAYSIAN PALM OIL OUTPUT UP

KUALA LUMPUR, June 26.

Peninsular Malaysia's palm oil production in April rose to 91,169 tons from 80,439 tons in March, the Statistics Department said.

Palm oil exports rose to 88,749 tons from 82,710 tons (revised) the previous month. Stocks at the end of April totalled 114,310 tons (111,483 tons).

Big expansion planned in U.K. sugar beet output

BY PETER BULLEN

WORK HAS *begun on a five-year* expansion programme to enable the U.K. to produce half—instead of only a third—of its sugar requirements by 1980 the British *Sugar Corporation announced* yesterday.

BSC is planning to expand at least five of its 17 sugar beet processing factories to process the beet from an anticipated 100,000 extra acres. In the next 12 months it will spend £15m. and in the four subsequent years "substantially" more on a programme which at current prices will cost between £75m. and £100m.

Mr. Kenneth Sinclair said the *expansion would save some* £50m. a year on the country's food import bill. An enlarged and more efficient beet processing industry would also substantially *help to keep prices down in future* for both housewives and manufacturers.

The investment will be financed from depreciation funds and retained profits and will be subject to alteration each year in the light of developments in *the sugar market and the* economy generally. The Government agrees with the BSC's plans which are in line with the expansion in the U.K.'s beet output *envisaged in the Government's* recent White Paper "Food from our own resources."

"In recent years we have not been able to expand at the rate we would have liked. And latterly we have had the wait-and-see period leading up to the referendum. But the "yes" vote for the EEC and the White Paper have given us the go ahead we wanted for this massive expansion and modernisation programme," said Mr. Sinclair.

The five factories at which the increased production will be achieved mainly are York and Bury St. Edmunds in Suffolk, Cantley and Wissington in Norfolk and Newark in Nottinghamshire. Work has already started at York and Newark.

Sugar beet growers will have to expand output to match the expansion in processing facilities but surveys have shown that the present 500,000 acres can be enlarged to 600,000 and that land is available at economic transport distances from existing factories. Some farmers will be disappointed however that the BSC has decided against using some of the planned investment in putting up a new factory and opening up a new area of production.

To get growers to expand they will need to be offered a price for their beet that makes the crop profitable in comparison with other arable crops and the *BSC is hoping—as are farmers* themselves—that an early decision by the EEC to adjust the value of the "Green £" will help in this direction. Even a 7½ per cent. change would give producers about an extra £1 a ton.

This year a record 480,000 acres of beet has been sown and though it is too early for firm forecasts the BSC reported yesterday that the crop is looking very good and healthy and the hot spell is doing no harm. Providing there are no disastrous changes in conditions the crop should provide an average yield of 850,000 to 900,000 tons.

U.K. attacks EEC on food aid

ROME, June 26.

BRITAIN TO-DAY launched a strong attack on fellow members of the European Economic Community (EEC) for failing to increase the Community's food aid in line with targets proposed by the world food conference.

Addressing the World Food Council, which is meeting here, joint British delegate, John Grant, accused other EEC countries of "insensitivity to the *cry of the children*" in developing countries.

The EEC countries responsible for rejecting an increase in the Community's present food aid target of 1.28m. tons had "lamentably failed to respond to the challenge of our times for immediate aid to the most desperately hungry," said Mr. Grant, parliamentary secretary at the Overseas Development Ministry.

The Community's decision *means that it will be almost* impossible to meet the target of 10m. tons of grains a year set by the World Food Conference.

Informed sources said West Germany, Italy and France were chiefly responsible for rejecting a request by the EEC Commission to increase food aid to 2.5m. tons.

Speaking to reports after his speech, Mr. Grant described the EEC decision as "a setback to the aims of a body like the World Food Council."

"That is why I was so sharply critical of the decision," he added.

Informed sources said that, at a meeting of the 36 heads of delegations attending the conference, council president Sayed Marei also hit out sharply at the EEC countries that had blocked the increase.

Mr. Grant said Britain would consider raising its bilateral aid to compensate for the lack of increased multilateral aid.

He announced that Britain had made a grant of £15m. to a scheme by the UN Food and Agriculture Organisation (FAO) to provide fertiliser to poor countries. He said the decision would release at least 100,000 tons of fertiliser on outright grant *terms.*

Reuter

Rubber cartels warning

ANYTHING IN the nature of a *natural rubber producers' cartel* aimed at raising prices above reasonable bounds would inevitably be self-defeating, according to Mr. J. K. Barlow, chairman of the *Rubber Growers' Association*, reports Reuter.

He told the association's annual meeting that consumers *have a direct interest in and* desire for price stabilisation at levels that will be fair to all concerned, and that it is in the interests of all that agreement should be reached on precisely how this is to be reached.

Synthetic prices are likely to stay at historically high levels, and it is reasonable to suppose an equitable price for natural rubber can be achieved to give the producer a fair return for *his labour, he stated.*

FELIXSTOWE CHARGES UP

Port rates and charges at Felixstowe Docks are to rise by an average 25 per cent. from July *because of continuing increases in* costs.

Sharp cut in egg prices

By Our Commodities Staff

EGGS WILL be 3p to 4p a dozen *cheaper in the shops* next week following another cut in first hand selling prices yesterday.

Large eggs were reduced by 4p *a dozen and medium, standard* and small by 3p following the 3p a dozen cuts made in the smaller grades last week.

The news of the cuts was described as a "disaster for an already ailing egg industry" by a spokesman for the Goldenlay egg marketing consortium.

"Producers will now lose around 10p on every dozen eggs their hens lay and the industry as a whole will be losing around £2m. a week. In actual terms eggs will be cheaper than at any time since 1973 and in real terms, allowing for inflation, cheaper than ever before," he claimed.

The U.K. industry blames large imports of cheap French eggs on to their market for the steep *decline in prices and it is* particularly bitter that the Government has not taken any positive action to prevent the home market being undermined.

The militant U.K. Egg Producers Association sent a telegram to the Prime Minister yesterday saying U.K. producers *had lost confidence* in Mr. Fred Peart, the Minister of Agriculture, over the French eggs issue. Producers would be rallying at the Royal Show next Monday which the Prime Minister is opening and they demanded he received a deputation to discuss Government action to remedy the situation.

LOWER TURKISH COTTON CROP EXPECTED

WASHINGTON, June 25.

PRELIMINARY TRADE forecasts indicate Turkey's 1975 cotton crop will be between 480,000 and 500,000 tonnes but U.S. Agriculture Department sources estimate output will be at the lower figure, according to a report from Ankara, reports Reuter. Last year 599,700 tonnes were produced.

The report said this year's cotton hectarage is preliminarily estimated at 625,000 compared with 837,900 hectares in 1974. Late spring rains delayed planting and also washed out some already planted fields, necessitating replanting.

TIED COTTAGES

Still essential for livestock farming

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I SHOULD first declare my *interest. I have always housed* a proportion of my employees in tied houses and have done so not because I am particularly fond of the system, not because it cheapens my overall costs, but because I find that by offering a good house I can get a better employee or one that suits me better than one of those available locally. I secured one possession order about 30 years ago when a man in a house on a farm I took over said he would sooner die than work for me; fortunately he moved away. Since then any partings have been amicable and I have been able to get replacements with no trouble.

The *issue is hotting up again* and this time it looks as though the National Union of Agricultural Workers (NUAW) really has got the Government on its side. In a recent speech Mr. Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture, said the following after reiterating the Labour Party's Manifesto commitment to its abolition.

Life tenancy

"I cannot accept the view that the agricultural tied cottage is in any way on all fours with other forms of service accommodation. This is not comparing like with like. Everyone who has thought seriously about the reform realises that there are special agricultural problems associated with it. Tackling the agricultural tied cottage on its own means that it will be easier for us to solve them."

If Mr. Strang's phrasing is to be taken as the NUAW leadership hopes, it will mean that the 90,000 odd workers living in tied houses will be given a life tenancy of their present accommodation, whether or not they remain in their job. The Union's case is not as crude as that. It claimed that tied houses give farmers undue power over their men; causes hardship through eviction; keep wages down and generally make their members living in them into second class citizens. In Scotland, by contrast, the workers union, in this case the Transport Workers, wish to retain the system.

The National Farmers' Union and the Country Landowners' Association claim that the tied house is essential for the efficient running of farms particularly for livestock, that it provides opportunities *for promotion in the in*dustry, and that in any case these houses are providing a valuable addition to the nation's housing stock. It is pointed out that even *in the event of eviction the farm* cottage tenant has far greater security than that for any other service accommodation.

Earn more

It is also fair to say that although possession orders, as *against actual evictions* have been rising in recent years, these are often arranged between farmers and those of their men retiring or wishing to leave farming and whose only *hope of* getting a council house is to present the housing authority with such a document. The refusal of the NUAW to co-operate with the NFU in any arrangement that would make it possible for housing authorities to allocate accommodation to retiring farm workers is an indication of the hard line that the Union is adopting now that it thinks the Government is on its side.

There have been a number of *reports on the subject, of which* the latest is that of the Tavistock Institute which paints such a neutral picture. Both the NFU and the NUAW claim that it vindicates its own point of view. The NFU points out that according to the report men living in tied cottages actually earn between 15 and 20 per cent. more than those in other housing even when doing the same work and that amenities of the housing provided were marginally better than others.

More importantly it says that 75 per cent. of all cowmen, stockmen, managers and bailiffs and over 60 per cent. of all tractor drivers and foremen are also housed on the farms.

Mr. Reg Bottini the NUAW Secretary claims for his side that because *of a proportion of* farmers questioned in the survey, 56 out of 169 in fact, said they did not want any tied houses, and that farmers could well manage without them. Then went on to rehearse the old string of objections about evictions.

This attitude *is* not to be lightly disregarded. Anyone living in service occupation has to face the hazard of losing his house with his job. But that all farmers are not heartless ogres is shown by the fact that 14 per cent. of all tied houses are occupied by pensioners. That 9 per cent. are empty just shows that sensible farmers keep some in reserve to avoid the necessity *of evictions*. Nevertheless, across the spectrum of farming there are some hard cases of intolerant employers, and difficult employees. These could be *dealt with by special legislation*, giving further security rather than a blanket abolition of the whole system.

Because there is no doubt in my mind that the disappearance of the service house could affect some forms of food production materially. This would particularly apply to livestock systems which are becoming more and more intensive. Many of these are situated well away from towns and villages and unless those in charge could be housed on the job farmers would be left to give up or do the work themselves.

These cowmen and stockmen *are in many cases managers of* their particular units, very different from their predecessors, and men who in many cases move from job to job during their *career to gain experience* and better themselves. This mobility is appreciated and would disappear if there were no service housing for them. They would be condemned to stay in the same locality for the rest of their lives or until the country's housing stock improved.

The importance of the livestock sector is best underlined by the fact that it provides nearly 70 per cent. of all farm output. Livestock does need attention seven days a week and unless farmers are prepared to limit their enterprises to what they and their families can manage they would be putting their livelihoods at considerable risk.

Contractors

Arable farming of different classes is now becoming so *mechanised that it would prob*ably suit most farmers so engaged to use contractors and casual labour rather than whole time workers but it is difficult to see how the generally efficient structure of the British livestock industry could be maintained or even increased as set out in the recent White Paper without some form of service housing.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SILVER

[illegible]

SOYABEAN MEAL

[illegible]

COCOA

[illegible]

SUGAR

[illegible]

FREIGHTS

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

GRAINS

[illegible]

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for June-July shipment. BWB £201. BWC £194. BWD £187. Tossa: BTB £203. BTC £196. BTD £189. Calcutta goods steady. Quotations c. and f. U.K. for June shipment. 10-oz 40-in £6.77. 7½-oz £5.20 per 100 yards. July £6.92 and £5.27. Aug.-Sept. £7.12 and £5.39. B Twills £22.09, £22.83, and £22.74 for the respective shipment periods. Yarns and cloths very quiet.

LONDON—Quiet. Bangladesh White C grade June-July £200. D grade June-July £185. A long ton.

CALCUTTA—Unavailable.

★

LIVERPOOL COTTON—Spot and shipment sales amounted to 145 tonnes bringing the total for the week so far to 325 tonnes. F. W. Tattersall reports. Slightly better demand brought occasional business in Middle Eastern qualities with some support in African growths.

★

COPRA—Philippines: July $230. Aug. $225 re-sellers per tonne c.i.f. North European ports.

★

No stockpile sales of lead

THE GENERAL Services administration said no stockpile sales of zinc or lead will be permitted from July 1 to September 30 due to "the statistical position of stocks."

A similar situation ruled for zinc in the past quarter but the April 1 to June 30 period was declared an "open quarter" for lead.

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

GRIMSBY FISH—[illegible]

U.S. Markets

Stop-loss selling puts silver down

NEW YORK, June 26.

SILVER sold off sharply on Commission House stop-loss selling. Copper finished lower on trade selling. Trade short-covering pushed sugar higher. Chicago grains closed higher in the beans due to strength in the oil. Corn and wheat *declined on excellent new crop prospects* and favourable weather in key growing areas, Bache reports.

Cocoa—Ghana spot 64½ (same). Bahia spot 51½ (same). July 40.85 (40.65). Sept. 42.10 (42.00). Dec. 41.05. March 41.45. May 41.75. July 42.05. Sept. unquoted. Sales: 1,153.

Coffee—Spot Santos No. 4 unquoted (unquoted). Colombian Mams unquoted (unquoted). "C" Contract: July 52.30-52.25 asked (53.23). Sept. 54.50-54.70 (55.60). Nov. 55.45 bid. Dec. 55.70. March 56.00-56.10 asked. May 56.35 nom. Sales: 279.

Copper—July 53.80 (54.30). August 54.10 (54.60). Sept. 54.60. Dec. 56.20. Jan. 56.50. March 57.80. May 58.70. July 59.60. Sales: 2,606.

Cotton—July 46.70-46.85 asked (46.75). Oct. 48.45 (48.55). Dec. 48.90-48.95. March 49.81. May 50.60. July 51.24-51.30 asked. Oct. 51.95-52.15 asked. Dec. 52.00 bid. Sales: 1,500.

Gold—July 164.70 (165.10). August 166.00 (166.30). Oct. 168.30. Dec. 171.00. Feb. 173.50. April 176.00. June 178.30. August 180.90. Oct. 183.40. Sales: 1,342.

Greasewool—Spot 122.5 nom. (same). July 134.0-137.0 asked (132.5). Oct. 137.0-139.0 asked (137.0). Dec. 138.0-142.0 asked. March 140.0-142.0 asked. May 140.0-145.0 asked. July 140.0 bid. Oct. 140.0 bid.

[illegible]

PULLMAN SETS UP ITS HEADQUARTERS IN EUROPE

PULLMAN INC. of Chicago (U.S.A.), which already has 22 offices in 14 different countries, announces that its subsidiary PULLMAN INTERNATIONAL, in Paris, will become the Headquarters for Europe, North Africa and the Middle East and will be responsible for co-ordinating the activities of the Group's subsidiaries and branches which have, or will have, business contacts with these areas.

Mr. Casey, Chairman of PULLMAN INC., emphasised that a large part of PULLMAN'S present orders (U.S.$3,500 million) concerns contracts with these parts of the world.

Mr. Jean-Marie Tiné, a French national, Board director of PULLMAN INC. since 1973 and Chairman of TRAILOR S.A. (French subsidiary of PULLMAN-TRAILMOBILE) was appointed Chairman of PULLMAN INTERNATIONAL. Mr. Tiné is also Vice-Chairman of SOCIETE INTERCONTINENTALE DES CONTAINERS, Chairman of TRAILOR U.K. LTD., Joint Managing Director of BANQUE FRANCAISE de DEPOTS ET DE TITRES and Board Director of LA ROCHETTE-CENPA.

STOCK EXCHANGE REPORT

Markets unsettled by fresh weakness in sterling

Share index above the worst but still 9.9 off at 303.8

ACCOUNT DEALING DATES

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 16	Jun. 26	Jun. 27	July 8
Jun. 30	July 10	July 11	July 22
July 14	July 24	July 25	Aug. 5

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A reversal of Wednesday's firmness in stock markets left losses to ¾ in British Funds and to 13 in leading equities as a reflection of yesterday's further weakness in sterling. As usual in periods of currency uncertainty, the only sector to advance was South African Golds and the Gold Mines index put on 6.3 to 407.2. There was little sign of recently-held hopes about early Government counter-inflationary action which the previous day had led to some optimism at the long end of the gilt market.

Steady to start with and looking only modestly easier after about the first hour or so of trading, equities took a sudden turn for the worse just before noon when a bout of quite heavy selling developed. The turndown was caught in the 11 a.m. and 12 n.m. index calculations, a loss of 3.9 in the first reading being turned into one of 11 points in the second; subsequently, the leaders traded narrowly and the closing index was 9.9 down at 303.8. This made a drop of 61.5 points, nearly 17 per cent., in the last 15 business days.

The widespread nature of the setback was illustrated in the 7—2 majority of falls over rises in all FT-quoted Industrials and by the fall of 2.7 per cent. to 133.82 in the FT-Actuaries All-share Index. Official markings of 6,104 compared with 8,227 on Wednesday and 4,588 a week ago.

Gilts react

British Funds took a sharp downturn yesterday following a fresh bout of weakness in sterling on foreign exchange markets. Selling was not particularly heavy, but profit-taking after the rise earlier this week and some nervousness awaiting details, expected shortly, of terms of the stock to replace the old long "tap." Treasury 12¾ per cent., 1993, which ran out the day before yesterday, left falls ranging to ¾. The Government Securities index at 58.67, lost 0.27 of the previous three-day rise of 0.78.

With the fresh weakness of sterling imparting firmness to the investment currency market, the premium improved to 99 per cent. bid before coming back to close a point higher at 97 per cent. after a reasonable two-way business. Yesterday's SE conversion factor was 0.5848 (0.5883).

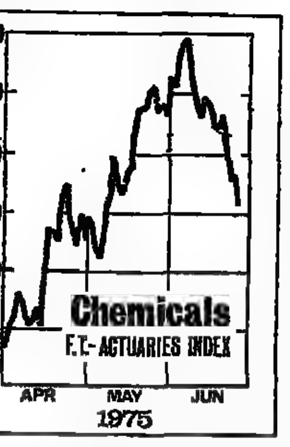
Banks down again

The big four Banks came under fresh selling pressure yesterday in response to some bearish brokers' circulars and a revival of an old rumour that a big "rights" issue from one of the four in imminent. Although closing up to 5 above the day's lowest, losses still ranged to 15. Barclays, 268p, Lloyds, 218p, and Midland, 238p, all lost that much, while National Westminster were 14 lower at 216p. Bank of Scotland were sold down to 228p, a fresh fall of 7. A firm market of late following the results, Leopold Joseph turned reactionary in Merchant Banks, falling 20 in a thin market to 220p. Slater Walker declined 6 to 66p.

Insurances turned sharply lower on persistent selling. Sun Alliance led the retreat, falling 15 to 385p, with "Royals" losing 14 to 280p. Guardian Royal Exchange gave up 10 to 180p as did Pearl to 178p. Commercial Union declined 9 to 149p.

Burtonwood moved against the dull trend in Breweries, rising 5 to a 1975 "high" of 58p following good interim figures. Allied, however, receded 1½ to 63½p and Arthur Guinness eased 3 to 110p. Elsewhere, Distillers were sold down to 132p, for a fresh fall of 3½.

Buildings made a drab showing, sentiment being unsettled by fears of possible cutbacks in public spending. Taylor Woodrow declined 12 to 288p, while losses of around 7 were sustained by Associated Cement, 134p, R. Costain, 186p, and Tarmac, 122p. Blundell-Permoglaze finished 4 off at 40p on the first half profits setback. Trading news also failed to help Comben, which finished a penny easier at 20p.



ICI, still reflecting concern about its workers current pay negotiations, retreated 7 to 259p. Fisons finished 8 off at 375p despite the chairman's profits forecast.

ATV "A" closed a penny easier at 40p following preliminary figures in line with general market expectations.

Losses in leading Electricals ranged to 5 with EMI and GEC both that much down at 171p and 117p respectively; the latter's results are due next Thursday. Plessey touched 64p and 68p before settling at 66p, thus losing the previous day's penny improvement which followed the nine-months' figures. Thorn "A" came back 4 to 156p and Decca "A" 7 to 184p, while the rise of 17 to 775p in Philips Lamp owed more to dollar premium influences than to buying interest. Still on the results and proposed scrip issue, Dorman Smith "A" put on 9 to 119p for a two-day rise of 14 and, for a similar reason, Racal Electronics improved 4 to 266p. Following Wednesday's loss of 2 on the reduced profits MK Electric touched 32p before ending 1 off on balance at 33p. Other dull spots included R. and A. G. Crosland, 3 down at 11p.

Stores became a nervous market again on revised fears of the possibility of price controls and closed with a lengthy list of falls. British Home Stores came back 9 t o295p following the chairman's statement at the annual meeting, while losses of 4 were marked against Marks and Spencer, 196p, and Debenhams, 64p. Among secondary issues, Thomas Marshall Investments receded 4 to 40p on the preliminary figures. Mothercare were lowered 8 to 162p, while Martin The Newsagent were 4 easier at 104p and W. H. Smith "A" 10 cheaper at 350p. Among smaller-priced issues, Queen Street Warehouse closed a penny off at 1975 "low" of 1½p and Helene of London eased 1 ½to 9p. Freemans (London), 4 down at 148p, provided the only movement of note in Mail Orders. Footwear Investments were notably dull in Shoes at 25p, down 4, but Stead and Simpson 'A' managed to close without alteration at 34p despite the reduced earnings.

Engineering leaders contributed to the general malaise as a fresh bout of selling took Hawker Siddeley down 10 to 250p, after 248p, and left GKN 7 lower at 225p, after 222p. Tube Investments declined 6 to 240p, after 238p, and John Brown shaded 2 to 54p. Elsewhere, Wednesday's irregular pattern was repeated. A. Cohen lost 7 to 133p and Anderson Strathclyde gave up 6 to 130p, while Spirax Sarco declined 5 to 113p. Baker Perkins, on the other hand, firmed 3 to 38p on news that Slater Walker has increased its stake in the company to 13.5 per cent. B. Elliott hardened 1½ to 48p following the record preliminary profits, while Weyburn found support at 215p, up 3. Relieved that the nationalisation bill has been pushed out of the current Parliamentary session, Shipbuilders firmed in places. Vosper rose 4 to 67p, while Swan Hunter hardened 2 to 66p.

Renewed price control fears undermined Foods, which closed with widespread losses. Tate and Lyle declined 9 to 234p, while J. Sainsbury receded 6 to 138p and Cavenham came back 7 to 114p. Cadbury Schweppes, at 44½p, gave up the previous day's rise of 2, while falls of around 5 were sustained by Danish Bacon "A," 90p, and F. J. Wallis, 80p, Manbre and Garton were 3 easier at 115p as were Northern Foods at 58p. Against the trend, Bishops Stores hardened 2 to 124p in front of to-day's preliminary figures. United Biscuits were also firm at 88p, up 2, following news of the proposed Japanese venture. Supermarkets had Tesco 2 off at 39½p and Hillards 6 cheaper at 70p.

J. Lyons "A" resumed the downward path, falling 8 to 152p. Grand Metropolitan declined 2½ to 63p and Trust Houses Forte retreated 5 to 91p.

Indus. leaders fall

Fresh selling of miscellaneous Industrial leaders left prices with falls to 13, as in Glaxo, 327p. Boots ended 10 down at 204p, after 200p, while Beecham, 267p, and Metal Box, 236p, recorded losses of 8 apiece. Bowater followed the previous day's loss of 5 on the "rights" offer news with a fresh fall of 6 to 144p. Unilever receded 6 to 366p and "Suits" 4 to 96p. Elsewhere, I.C. Gas more than lost Wednesday's rise of 20 on the increased profits to close 23 down at 340p. Crest Nicholson shed 1½ to 33p despite the encouraging half-time statement. Brook Street Bureau, 80p, and Relyon PBWS, 46p, shed 4 apiece. However, Sale Tilney improved 5 to 72p and Unerman 4 to 39p, while Avon Rubber rallied 2 to 34p.

Motors steadied at the lower levels after a mid-morning slump. Dunlop closed 2 off at 48p, while Lucas Industries ended 5 down at 97p and Rolls-Royce eased 2 to 57p. Among secondary issues, Clayton Dewandre sustained a fall of 3 at 47p. In Garages, Kenning Motor shed only ½ to 36½p in light of reasonable interim results.

Associated Newspapers featured with a fall of 7 to 86p: the preliminary figures are expected July 9. United Newspapers, 200p, and Daily Mail and General Trust 'A,' 160p, lost 10 apiece, while Thomson Organisation were reacted 7 to 175p. News International, ahead of to-day's interim report, eased 2 to 96p. Also dull were Beaverbrook 'A,' 1½ off at 28½p, and Bristol Post, 4 cheaper at 50p. Among Paper/Packaging, Hindson Print lost 5 more at 35p, while DRG were 3 easier at 104p and Melody Mills 4 off at 35p.

Properties dull

Press comment highlighting the possibility of business rent restrictions as part of a prices curb package depressed Property shares. Land Securities lost 8 to 165p, while MEPC fell 9 to 108p. English Property, 63½p, and Amalgamated Investments, 35p, reacted 4½ and 3 respectively. Secondary issues fared just as badly, losses of 6 to 7 being sustained by Property and Reversionary "A," 168p, United Real, 208p, Great Portland, 203p, and Stock Conversion, 133p. Hammerson "A," 375p, and Imry, 216p, gave up 13 and 10 respectively. Smaller-priced issues to show notable falls included Peachey, 23p, and Estates Property Investment, 44p, both 4 lower. Property Holding and Investment Trust were quoted ex "rights" at 202p, down 3, to new 9 per cent. Convertible Loan, 1990-95, which closed at £3 premium.

The Oil leaders encountered a fair amount of selling, but managed to close a little above the day's worst. British Petroleum finished 6 down at 507p, after 505p, and Shell Transport 5 cheaper at 305p, after 303p. Royal Dutch, on the other hand, reflected the improvement in the investment premium with a gain of 1½ at £29½, while Burmah were finally unchanged at 31p, after 30p. Elsewhere, Ultramar, 194p, relinquished the previous day's gain of 8. Berry Wiggins, however, after Wednesday's rise of 8 on take-over talk, closed 2 firmer at 88p, after 90p, following an active business. Speculative buyers also appeared for Attock Oil, which rose 6 to 64p. Among Overseas issues, Pan Ocean receded 15 to 815p, but Woodside-Burmah put on 2 to 68p.

Overseas Traders generally displayed an easier bias, but Harrisons and Crosfield improved 25 to 850p and South African Distilleries and Wines added 5 to 330p. Mitchell Cotts eased 1 to 57p on the proposed "rights" offer of 13 per cent. Convertible Loan stock and figures for the first ten months.

Trusts paraded a long list of falls that stretched to 10. That much lower were British Isles and General, 350p, and Jersey General, 230p, while Rothschild came back 7 to 386p. Trustees Corporation cheapened 4 to 95p following the results. Financials tended mixed with falls of 5 seen in Dalgety, 185p, London United, 66p, and S. Pearson, 113p. Lubok Investments, on the other hand, hardened 1½ to 35p with the 12 per cent. Convertible 3 points up at £160.

Shippings gave ground on small selling and lack of support. P. and O. Deferred shaded a penny to 92p and Furness Withy gave up 4 to 200p. Press comment on the results help "Lofs" touch 41p before closing unchanged on the day at 40p.

A fresh bout of small selling caused a reaction of 5 to 115p in Courtaulds, while further consideration of the passing of the final dividend and trading loss left British Cotton and Wool Dyers 2 down at 13p. Lower half-year earnings prompted a penny reaction to 58p in Sidlaw Industries, while the chairman's comments at the annual meeting left Tootal 2 lower at 30½p.

Bats came under selling pressure and lost 9 to 301p in Tobaccos, where Imps rallied from early softness to close unaltered at 60p, after 59p.

Golds higher

South African Golds had another firm day, but gains did not match those of Wednesday. U.S. demand again appeared—transatlantic Golds made a good showing overnight—but it tended to peter out later. Once again, little Continental business appeared and the Cape was inclined to be a seller, if anything.

Even so, prices closed at or near to their highest of the day and the Gold Mines index moved up 6.3 to 407.2. Bullion ended the day with a loss of 25 cents at $164.25 per ounce. Buffels put on £1 to £21½ while Harmony were 30 up at 890p and Welkom rose 20 to 475p among the many gains.

In a firm Finance group the London-registered issues held up in the face of another dull day in U.K. Industrial equities. Selection Trust, for example, rose 15 to 585p and RTZ were 4 up at 188. Of the South African issues, "Amgold" put on £1 to £44½.

Johannesburg was gain a buyer of De Beers which gained 6 to a high for the year of 314p. Platinums edged up with Potgietersrust rising 3 to 223p.

Reflecting the firmnes of Australian Coal issues in markets Down-under, Utah Mining Australia rose 25 to 750p and Thiess were 15 better at 235p. Other London prices were maintained by the firmness of the investment dollar premium.

Tin shares were a little firmer where changed and in Coppers, Palabora rose another 10 to 340p. "Tanks" were 6 higher at 202p.

Elsewhere, Northgate gained 15 to 295p while firmness in Canada was reflected in a rise of 3½ to 77p in Anglo United. A speculative "new time" demand for Charterhall lifted the shares to 65p at one time but they reacted to close ½ off on the day at 61½p.

FINANCIAL TIMES STOCK INDICES

—	June 26	June 25	June 24	June 23	June 20	June 19	A year ago
Government Secs.	58.67	58.94	58.55	58.32	58.16	58.12	54.47
Fixed Interest	58.03	58.08	57.89	57.81	57.79	57.73	64.11
Industrial Ordinary	303.8	313.7	310.3	318.8	333.8	328.6	247.4
Gold Mines	407.2	400.9	386.2	386.1	381.9	383.7	294.3
Ord. Div. Yld. %	6.67	6.45	6.51	6.35	6.05	6.15	8.08
Earnings Yld. % (full)	19.71	19.09	19.26	18.76	17.89	18.16	21.41
P/E Ratio (net) (a) (b)	7.25	7.49	7.42	7.62	8.00	7.88	6.54
Dealings marked	6,104	8,227	6,109	4,846	4,743	4,588	†4,983
Equity turnover £m.	—	51.04	61.63	52.80	48.90	38.50	35.97
Equity bargains total	—	14,286	16,992	13,581	12,350	11,575	10,095

10 a.m. 312.1. 11 a.m. 309.8. Noon 303.2. 1 p.m. 304.2. 2 p.m. 302.6. 3 p.m. 302.7

Latest index 01-246 8026. †Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.21

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ind Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/3)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/3)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.6 (6/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/6)	260.2 (20/1)	442.3 (22/6/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 26	June 25
Daily—		
Gilt-Edged	166.4	209.7
Industrials	208.2	293.2
Speculative	69.5	79.0
Totals	138.9	187.3
5-day Av'rge		
Gilt-Edged	152.6	141.0
Industrials	212.6	204.4
Speculative	69.6	55.2
Totals	136.7	130.0

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section.)	Thursday, June 26, 1975: Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Wed. June 25 Index No.	Tues. June 24 Index No.	Monday June 23 Index No.	Friday June 20 Index No.	Year ago (approx) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	115.66	−2.6	20.39	7.07	7.26	7.26	116.76	116.22	118.64	121.27	87.24	131.26 (6/6)	51.78 (6/1)	206.37 (4/6/72)	15.70 (13/12/74)
2	Building Materials (30)	97.59	−2.5	20.58	8.07	7.54	7.54	99.93	99.66	101.54	103.40	66.10	117.40 (22/4)	46.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	207.59	−2.8	16.07	4.50	8.23	8.23	213.67	213.56	221.39	226.90	158.97	251.61 (23/4)	74.74 (6/1)	369.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	205.43	−3.4	17.64	5.55	8.15	8.13	212.61	210.19	212.19	219.36	163.05	234.54 (6/6)	98.49 (2/1)	350.04 (4/6/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	137.72	−2.7	25.40	7.70	5.99	5.99	141.84	139.98	144.11	146.62	95.71	159.79 (22/4)	64.39 (2/1)	202.57 (2/5/72)	64.39 (2/1/75)
6	Engineering (General) (65)	100.62	−2.4	21.85	8.03	6.72	6.71	103.15	102.79	105.41	107.35	72.09	117.40 (6/6)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	41.67	−0.6	14.67	5.69	12.51	12.51	42.22	42.20	42.73	42.96	31.66	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/68)	19.95 (13/12/74)
8	Miscellaneous (23)	103.65	−2.1	23.46	7.58	6.50	6.50	106.08	105.85	108.01	110.25	81.45	121.79 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	82.51	−0.6	21.41	7.41	6.95	6.95	83.27	82.73	84.95	86.73	76.33	95.15 (6/6)	38.59 (6/1)	227.78 (21/4/72)	38.59 (6/1/75)
10	Electronics, Radio TV etc. (15)	96.71	+0.4	20.79	5.56	7.00	6.99	96.28	95.35	97.45	100.18	89.57	106.34 (6/6)	44.28 (6/1)	287.41 (19/6/72)	42.85 (12/12/74)
11	Household Goods (15)	128.27	−0.6	34.58	8.58	4.25	4.25	128.51	126.66	129.82	131.44	124.71	146.90 (23/4)	64.65 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	44.28	−1.9	16.77	10.05	9.46	9.40	45.15	45.05	46.50	47.11	58.95	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	125.79	−2.9	16.13	6.60	8.65	8.82	129.60	*128.72	132.40	136.92	95.76	146.45 (6/6)	61.98 (6/1)	226.08 (16/3/72)	61.41 (13/12/74)
14	Breweries (16)	143.69	−3.6	15.91	6.97	10.85	10.85	149.24	148.02	149.41	154.85	109.27	163.33 (6/6)	75.58 (6/1)	281.87 (22/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	156.59	−3.3	14.33	6.00	10.26	10.26	161.92	160.62	162.75	165.62	122.55	176.45 (6/6)	80.42 (6/1)	257.40 (13/7/72)	78.38 (13/12/74)
16	Entertainment, Catering (16)	141.62	−2.6	15.76	7.92	9.42	9.42	145.55	144.49	147.11	151.48	104.23	158.44 (27/5)	55.28 (6/1)	339.99 (12/12/72)	54.86 (9/1/75)
17	Food Manufacturing (22)	139.11	−2.0	14.99	5.64	9.14	9.09	141.91	140.28	143.79	146.66	96.96	156.57 (6/6)	69.03 (2/1)	211.65 (1/5/72)	59.67 (11/12/74)
18	Food Retailing (16)	117.58	−4.4	13.52	5.45	10.77	10.77	123.02	122.35	130.36	135.21	81.51	149.17 (4/6)	57.15 (8/1)	255.08 (15/8/72)	64.25 (11/12/74)
19	Newspapers, Publishing (15)	129.06	−3.0	15.55	7.41	8.15	8.15	133.11	133.12	138.42	141.21	116.17	152.14 (6/6)	55.08 (6/1)	260.29 (12/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	87.75	−2.4	27.57	8.26	5.36	5.36	89.93	*89.08	93.57	97.13	67.18	107.12 (30/5)	45.46 (6/1)	135.69 (26/4/72)	45.46 (6/1/75)
21	Stores (30)	106.66	−3.2	13.12	6.08	11.46	11.48	110.21	110.69	113.78	118.55	79.06	132.94 (20/5)	52.63 (6/1)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (19)	126.45	−3.8	28.25	8.41	4.10	4.10	130.57	128.22	131.75	137.52	109.51	145.07 (27/5)	62.91 (6/1)	255.72 (17/9/63)	62.56 (11/12/74)
23	Tobacco (3)	179.00	−3.1	18.50	7.44	8.04	8.04	182.64	179.62	186.61	190.76	155.17	199.16 (10/3)	109.92 (6/1)	339.16 (3/6/72)	94.34 (13/6/62)
24	Toys and Games (6)	38.65	−2.2	52.76	8.00	4.27	4.27	39.43	41.09	41.63	41.70	34.99	44.08 (6/6)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (25)	161.26	−3.1	21.82	5.62	6.56	6.56	166.42	166.31	170.77	176.49	118.44	189.17 (6/6)	73.14 (6/1)	201.99 (31/1/69)	71.20 (11/12/74)
26	Office Equipment (10)	82.67	−1.7	17.28	6.42	7.79	7.79	84.14	84.53	87.28	87.84	88.84	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (11)	330.56	−1.9	24.16	7.26	5.39	5.11	337.08	330.20	340.75	350.23	300.70	401.84 (10/3)	194.38 (6/1)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	150.96	−2.0	20.55	7.60	7.11	7.11	153.69	154.36	157.99	141.43	107.22	153.56 (6/6)	60.39 (6/1)	253.93 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	123.49	−2.7	18.68	6.69	7.71	7.69	126.86	*126.29	129.66	133.45	96.72	143.48 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	276.52	−1.3	26.44	5.45	4.06	3.78	282.06	281.96	283.39	291.60	190.90	296.47 (4/6)	103.35 (3/1)	451.56 (29/5/63)	87.23 (29/5/62)
31	500 SHARE INDEX	156.36	−2.4	19.91	6.49	6.75	6.61	159.75	*159.22	142.47	146.62	104.75	166.14 (6/6)	65.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	123.34	−4.0	—	5.84	—	—	128.55	129.49	133.23	137.43	96.11	148.45 (20/5)	56.60 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	143.84	−4.7	25.83	5.46	5.77	5.77	150.98	156.16	166.06	165.02	118.53	177.11 (5/6)	62.56 (2/1)	286.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	140.68	—	—	8.55	—	—	140.68	141.55	144.18	146.14	113.38	169.27 (7/3)	84.13 (6/1)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	84.07	−0.5	29.59	10.78	4.46	4.10	84.29	87.20	89.47	94.68	156.05	134.30 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.85 (11/12/74)
36	Insurance (Life) (9)	101.46	−5.5	—	6.73	—	—	105.16	105.75	106.42	111.30	79.07	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	99.06	−4.7	—	8.67	—	—	103.97	103.94	106.46	110.45	66.79	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (6)	186.91	−0.6	10.89	4.53	13.66	13.66	188.48	192.09	193.06	194.37	126.10	211.30 (20/6)	68.96 (7/1)	262.57 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (19)	79.69	−1.7	—	7.57	—	—	81.07	79.71	83.30	85.91	53.76	84.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	170.28	−4.6	4.32	3.58	34.34	33.13	178.51	179.52	185.46	189.56	112.79	241.23 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	70.33	−0.9	14.19	6.43	10.27	10.15	71.00	70.32	71.65	73.72	73.44	75.78 (25/4)	34.78 (10/1)	305.13 (13/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	156.13	−1.7	3.26	4.46	30.74	30.74	158.76	158.78	163.31	165.68	108.60	178.55 (6/6)	73.43 (6/1)	243.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	133.82	−2.7	—	6.24	—	—	137.53	*137.53	140.53	144.76	102.21	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	416.80	−0.9	14.23	7.90	8.80	8.56	420.63	421.51	421.44	419.91	312.44	525.43 (23/5)	281.66 (2/1)	555.37 (23/7/73)	84.68 (25/8/65)
45	Teas (10)	100.68	—	19.13	9.60	6.65	6.15	100.68	100.68	100.22	97.25	92.57	100.68 (24/6)	76.76 (10/1)	121.47 (1/5/72)	69.72 (17/10/74)
46	Coppers (3)	406.31	+0.1	48.33	18.59	2.07	2.07	405.79	405.79	402.63	402.63	361.99	467.74 (27/5)	374.38 (22/1)	667.78 (15/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	132.98	+1.3	9.18	3.98	11.92	11.89	131.32	130.27	131.14	131.38	85.77	141.34 (30/5)	80.38 (22/1)	175.90 (28/4/69)	66.31 (30/9/74)
48	Tins (8)	99.79	+0.3	10.22	8.31	12.60	10.82	99.43	98.66	98.76	97.69	74.94	114.49 (3/6)	58.91 (8/1)	126.43 (12/1/73)	54.83 (27/5/71)
49	Overseas Traders (13)	213.11	−0.4	16.44	4.23	7.73	7.71	213.96	211.34	214.97	222.63	—	252.23 (20/5)	97.37 (8/1)	252.23 (20/5/75)	97.57 (6/1/75)

	FIXED INTEREST	Thurs., June 26 Index No.	Yield %	Wed. June 25	Tuesday June 24	Monday June 23	Friday June 20	Thurs. June 19	Wed. June 18	Tuesday June 17	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.55	14.44	14.64	14.74	14.73	14.72	14.71	14.71	15.57	—	—	—	—
2	20-yr. Govt. Stocks (6)	47.62	‡13.56	48.11	47.56	47.32	47.18	47.20	47.22	47.24	46.42	53.09 (20/3)	38.27 (3/1)	115.42 (11/9/63)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	46.59	‡15.86	46.36	46.08	46.03	45.87	45.75	45.76	45.74	43.49	50.68 (21/3)	37.01 (3/1)	113.44 (25/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	42.01	16.51	42.01	41.23	41.40	41.54	41.54	41.63	41.58	42.04	46.57 (25/3)	35.35 (3/1)	114.41 (13/3/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	59.61	15.80	59.49	58.87	58.80	58.88	58.83	58.26	58.08	56.68	66.98 (20/3)	48.35 (3/1)	114.95 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	162.74	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 16p. Commonwealth 18p. Foreign 22p. * Corrected.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Glaxo 'New'	Nil/pd.	22	130*	− 8	192*	127*
Distillers	50p	15	132	− 3	149	45½
ICI	£1	13	259	− 7	302	118
Marks & Spencer	25p	13	196	− 4	256	95
Rank Org. 'A'	25p	13	142	− 3	205	78
Boots	25p	12	204	−10	276	91
GKN	£1	12	225	− 7	277	95
Lloyds Bank	£1	12	218	−15	265	84
Midland Bank	£1	12	238	− 5	305	122
Berry Wiggins	25p	11	88	+ 2	90	30
Shell Transport	25p	11	305	− 5	343	118
Bats	25p	10	301	− 9	338	164
Charterhall Fin'ce	5p	10	61½	− ½	62	17
Debenhams	25p	10	64	− 4	88	25
GEC	25p	10	117	− 5	133	51

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 8	Oct. 14
July 22	Aug. 4	Oct. 16	Oct. 28

"Calls" were done in Slater Walker warrants, Keyser Ullmann, Thomson Organisation and Ultramar. "Puts" were done in Trident TV 'A' and Burton Group 'A', while "doubles" were arranged in ICI, Ultramar, Marks and Spencer, and Land Securities.

Industrials							
A. P. Cement	20	Grand Met.	9	Slater Walker	15	Mines	
Assoc Leisure	3	G.U.S. 'A'	20	Spillers	7	Anglo Amer.	50
Barclays Bank	35	Guardian	20	Tesco	5	Broken Hill Pty	75
Beecham	28	G.K.N.	26	Thorn 'A'	20	Charter Cons.	22
Boots Drug	24	Hawker Sidd.	30	Tube Invest.	30	Chart'rh'll Fin.	8
Bowaters	20	House of Fraser	10	Unilever	40	Cons Gold	26
B.A.T.	35	Hudson (Wilms	6	Utd Drapery	12	De Beers Def.	25
British Leyland	1¼	I.C.I.	24	Vickers	16	F. S. Geduld	350
British Oxygen	6	"Imps"	7	Woolworths	6	Great Boulder	12
Burton 'A'	9	I.C.L.	7			Hampton Areas	15
Cadburys	6	Inveresk	10	Property		Hampton Prop	4
Courtaulds	14	Legal & General	17	Cap. Counties	7	Kloof	140
Debenhams	11	Lloyds Bank	30	E.P.	11	Lonrho	19
Distillers	15	"Lofs"	7	Int. Europe	7	Loraine	66
Dunlop	6	"Mams"	9	Land Securities	22	Metals Explor.	8
Eagle Star	16	Marks & Sp'ncer	25	Peachey	7	Poseidon	55
E.M.I.	20	Midland Bank	32	Town & City	5	Pres. Steyn	275
First National	6	Nat'l West Bank	30	Town & Comm.	7	Rio T. Zinc	[illegible]
G.R.A. Trust	7	P & O Dfd.	15			Welkom	55
Gen. Accident	16	Plessey	10	Oils		West Areas	75
Gen. Electric	18	R.H.M.	7	Brit. Petroleum	45	Western M'ng.	15
Glaxo	40	Rank Org. 'A'	25	Burmah Oil	5	Zambia Copp	10
		Reed Int'l.	28	Shell	50		
				Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "Highs" and "Lows" for 1975.

NEW HIGHS (24)

BRITISH FUNDS (1)
Savings 3pc '65-75

AMERICANS (12)
ASA — General Electric
Amax — Mfrs. Hanover
Assocd. Spring — Morgan (J. P.)
Baker Oil Tools — Quaker Oats
First Chicago — TRW Inc.
Fluor — Zapata

CANADIANS (2)
Hawker Siddeley — Hudson Bay Oil Gas

BEERS (1)
Burtonwood

ELECTRICALS (2)
Dorman Smith — Sony

INDUSTRIALS (2)
Kennedy Smale — Rentokil Cons.

INSURANCES (1)
Travelers

SOUTH AFRICANS (2)
S. Af. Breweries — Unisec

TRUSTS (1)
Delta Investments

NEW LOWS (11)

DRAPERY & STORES (2)
Andre Bernard — Queen St. Warehouse

ENGINEERING (3)
Cooper Industries — Whessoe
Mole (M.)

FOODS (1)
Assocd. Fisheries

INDUSTRIALS (1)
Whatlings & County

NEWSPAPERS (1)
Home Counties

PROPERTY (1)
Warnford Prop.

TRUSTS (2)
Northborough Inv. — Williams Hudson

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	47	4
Corpns. Dominion and Foreign Bonds	1	7	64
Industrials	161	597	991
Financial and Prop.	60	263	298
Oils	7	8	17
Plantations	1	4	43
Mines	66	8	77
Recent Issues	7	21	32
Totals	305	955	1,518

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	* 9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
C. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10 %
English Transcont	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	† 9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	10½%
National Westminster	9½%
Northern Comm. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	11 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

I.G. INDEX
GOLD 162½-165½

CORAL INDEX
Close 300-305

INSURANCE BASE RATES

† Atlantic Assurance ... 11½%
Cannon Assurance ... 9¾%
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Official four-day loans

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates in the London money market tended to strengthen yesterday, against the background of the pound's weakness in the foreign exchange market, and a shortage of day-to-day credit, associated in particular with gilt-edged settlements. The authorities met the shortage by lending a moderate sum to three or four Discount houses until Monday at the Bank of England Minimum Lending Rate of 10 per cent. It seemed that the lending was designed to bridge another shortage to-day, and that it was not intended as a signal of official interest rate policy. It also seemed possible that the official lending was insufficient to prevent the banks carrying on a shortage. Banks had carried over a surplus from Wednesday, and there was a fall in the note circulation, but the market faced a net Treasury bill take-up, revenue transfers to the Exchequer were greater than Government disbursements, and the gilt-edged settlements carried an appreciable amount out of the market.

Among fixed-period rates, there was a rise to 9½-9⅝ per cent. in the one-month sterling certificate yield, from 9⅛-9½ per cent., while the three-month certificate yield increased to 9¾-9⅞ per cent., from 9⅝-9⅞ per cent., and the one-year to 11⅛-10⅞ per cent., from 10⅞-10¾ per cent.

Rates in the table below are nominal in some cases.

June 26 1975	Sterling Certificates of deposit	Inter-bank	Local Authority deposit†	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills Φ	Bank bills Φ	Fine trade bills Φ
Overnight	—	8½-10	—	—	—	10	8½-9½	—	—	—
2 days notice	—	—	9¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	8¾-9½	9¾-9½	—	—	—	—	—	—	—
One month	9⅛-9⅝	9¼-9½	9⅝	—	10-10½	—	8½-9⅛	—	—	—
Two months	9⅝-9½	9⅞-9⅝	—	10¼-9¾	9¾-10¾	—	8⅞-9⅞	9¼-9¼	9½	9¾-11
Three months	9¾-9⅞	9⅞-9¾	9½-9¾	10¼-9⅝	10-10¾	—	9⅛-9¼	9⅜-9⅜	9⅝-9¾	10-11
Six months	10¼-10⅛	9⅞-10⅛	10-10⅛	10¼-9⅝	10-11	—	9¼-9⅜	9⅝-9½	9⅞-9¾	10-11
Nine months	10⅛-10⅜	10⅛-10⅝	—	11¼-10¾	—	—	—	—	9⅞-10	10¾-11¼
One year	11⅛-10⅞	10⅞-11⅛	11⅞-11⅝	11¾-11¼	—	—	—	—	—	—
Two years	—	—	14-14⅝	—	—	—	—	—	—	—

† Local Authority and finance houses seven days' notice; others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 14-14¼ per cent.; five years 14-14¼ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9 15/16-9¾ per cent.; and four-month trade bills 10½-11 per cent. Approximate selling rates for one-month Treasury bills 9⅜ per cent.; two-month 9 7/32-9⅜ per cent.; three-month 9 5/16-9⅜ per cent. Approximate selling rates for one-month bank bills 9½-9⅝ per cent.; two-month 9¾ per cent.; and three-month 9 9/16 per cent.; for one-month trade bills 10 per cent.; two-month 10 per cent.; three-month 10 per cent.

Finance House Base Rate (published by the Finance Houses Association): 11 per cent. from June 1, 1975. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Banks Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount 9.4074 per cent.

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations in London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

lbany Inv. 20p	14	......	Gardner (L.)	64	......	Shiloh Spinn.	23	......
sh Spinning	34	......	Craig Ship £1	410	......	Sindall (Wm.)	45	......
rtam	17	......	Hallam Sleigh 10p	9	......	Vincent (H.)	80	−3
rady (G.) 'A'	48	......	Higsons Brew.	86	......	**IRISH**		
g'wtr. Est. 50p	£120	......	I.O.M. Stm. £1	118	......	Alliance Gas (£1)	47½	......
lover Croft	35	......	Holt (Jos.) 25p	185	......	Carroll (P.J.)	108	......
raig & Rose £1	312	......	Kleen-e-Ze	28	......	Clondalkin	48	......
undee Ice £1	290	......	Lovell's Ship £1	125	......	Concrete Prods.	72	......
son (R.A.)	30	......	N'hn. Goldsmith	78	......	Goodbody (£1)	38	......
llis & McHdy.	57	......	P.M.A.	36	−2	Heiton (Hldgs.)	30	......
ans Fr'k 10p	39	......	Pearce (C. H.)	60	......	Irish Distillers	56	−1
ered	12	......	Peel Mills	17	......	Irish Wire	48	......
te Forge	48	......	Richards 10p	8	......	Jacob	45	......
nlay Pkg. 5p	14	......	RobbCaledon 5p	35	−6	Sunbeam	11	......
rost & Read 50p	98	......	Sayers 12½p	9	......	Unidare	64	......
ardner & Sons	11½	......	Shell Refrshmt.	145	......			

FOOD PRICE MOVEMENTS

	June 26 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	820	820	820
British A.1 per ton†	815	815	815
Irish Special per ton†	815	815	815
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton§	815	—	815
BUTTER (packet)			
NZ per 28 lbs†	—	—	—
English per cwt†	41.14-41.16	41.14-41.16	40.72-41.16
Danish salted per cwt†	42.10-42.50	42.10-42.30	42.10-42.50
CHEESE¶			
English cheddar white rindless 40-lb per cwt	43.15	—	43.15
NZ per 20 kilos	15.61	15.61	15.61
EGGS*			
Home-prod. Standard	1.70- 2.00	2.00- 2.30	—
Large	2.85- 3.00	2.90- 3.00	—

	June 26 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scotch killed sides ex KKCF	34.0—37.0	34.0—37.0	35.0—37.5
Eire forequarters	20.0—23.0	20.0—23.5	24.0—25.0
Argentine chilled rumps	—	—	—
LAMB			
English	32.0—36.0	32.0—36.0	40.0—42.0
NZ 2s-Ds	30.5—31.0	30.0—31.0	30.0—31.0
PORK (all weights)	24.0—32.0	23.0—33.0	24.0—35.0
MUTTON			
English ewes	12.0—13.0	12.0—13.0	12.0—13.0
POULTRY			
Broiler chickens	25.0—26.5	24.0—26.0	25.0—26.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ London and National Provision Exchange price. § For delivery June 21-28. ** FMC prices.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 71% (based on $2.3450 per £)

CANADIANS

S.E. List Premium 71% (based on $2.3068 per £)

Conversion factor 0.5846 (0.5883)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£14¾	780	Durban Deep R1	£10¾	......	‡Q110c	ф	‡
£14	860	E. Rand Prp. R1	£11⅞	+⅛	‡Q115c	ф	‡
105	55	Rand Leases 2½c	62	......	—	—	—
£34½	£22	Randf'tn Est. R2	£31xd	+½	—	—	—
500	260	West Rand R1	355xd	+15	‡Q40c	1.3	‡

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
370	235	Bracken R1	300	+5	†Q51c	1.1	11.0
23	13	Duggafontein 50c	17	+1	—	—	—
105	60	East Dag R1	75	......	‡Q25c	ф	‡
140	140	Gvnl. Areas 5c	140#	......	—	—	—
380	210	Grootvlei 30c	305	+10	‡Q32c	1.1	‡
820	410	Kinross R1	745	+25	†Q50c	1.5	4.5
198	107	Leslie 80c	148	−2	†Q22c	1.6	9.6
550	325	Marievale 70c	460	+10	‡Q84c	1.1	‡
725	380	S. African Ld. 35c	580	+10	‡Q85c	2.2	‡
265	175	Vlakfontein R1	225	+15	Q30c	ф	8.7
£13¾	840	Winkelhaak R1	£12½	+⅛	†Q94c	1.2	2.7
120	65	Wit. Nigel 25c	89	......	Q1c	10.9	0.7

FAR WEST RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
£11	680p	Blyvoor 25c	10	+½	Q100c	ф	1.9
£21½	£17	Buffels R1	£21½xd	+1	Q180c	ф	[illegible]
£14¼	920	Doornfontein R1	£13¾	+½	Q110c	ф	5.2
£12¾	725	East Drie R1	£12	+⅛	Q65c	ф	5.5
£12½	725	Do. Comb. Units	£12	+⅝	—	—	—
450	295	Elsburg R1	430	+15	†Q45½c	1.2	6.9
£31	£16	Hartebeest R1	£29	+½	Q215c	ф	4.9
£13¾	815	Kloof Gold R1	£12½	+½	Q55c	ф	2.9
£17¼	875	Libanon R1	£14¼	+½	Q110c	ф	5.1
£13¾	960	Southvaal 50c	£12⅛	+⅛	Q9e	ф	0.4
480	340	Stilfontein 50c	420xd	+15	‡Q65c	1.3	‡
£33¾	£21	Vaal Reefs 50c	£31	+¾	‡Q220c	1.7	‡
£11½	650	Venterspost R1	£10¾	+⅛	Q70c	ф	2.2
£55	£34	W. Drie R1	£52½	+¾	Q485c	ф	6.0

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
8	3	Burma Mine 17½p	8	......	m0.5	—	1.7
62	17	Charterhall 5p	61½	−½	—	—	—
115	75	Colby Mines $1	75#	......	—	—	—
760	360	Cons. Murch. 10c	730	......	‡Q130c	2.2	‡
53½	29½	Laurasia	39½	......	—	—	—
19	13	NRD $1	15	......	—	—	—
375	200	Northgate C$1	295	+15	Q65c	1.0	9.5
211	80	R.T.Z.	182	+4	19.9	4.4	4.2
135	47½	Sabina Inds. C$1	87½	+2½	—	—	—
70	51	Stanford Mines II	67	......	—	—	—
£12½	875	Tara Explo. $1	£10½	......	—	—	—
75	38	Yukon Cons C$1	60	......	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ф Figures or report awaited.
- †† Banks and Insurance, reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- † Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ll No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

FINANCIAL TIMES

Friday June 27 1975

Benn cautious over EEC energy policy

BY REGINALD DALE

LUXEMBOURG, June 26.

ON HIS FIRST VISIT to the EEC Council of Ministers, Mr. Anthony Wedgwood Benn to-day called for greater openness in Common Market decision-taking and pledged that he would work to defend Britain's national interests in the EEC context.

The new Energy Secretary, until the referendum one of the Government's leading anti-Marketeers, told a Press conference it struck his as "strange" that the public and Press were not admitted to the Council's proceedings.

Inside the Council, Mr. Benn took a cautious line towards most of the proposals on the agenda which were aimed at setting up a common energy policy. He said Ministers had shown "a high degree of responsibility" in not rushing through decisions on the complex issues involved. No new decisions were, in fact, taken to-day on any point on the agenda.

However, Mr. Benn approved the idea of harmonising Summer Time throughout the Community which will now be further studied and his officials stressed that on other points he had been no more cautious than most of the other Ministers.

His general approach was circumspect rather than disruptive.

The British Minister reportedly took no part in a sharp exchange of views between France and other Community members over the next moves to be made in international energy co-operation, with the French insisting that no decision should be taken on a new "floor price" for oil imports until the dialogue between oil producers and consumers had been resumed.

The exchange reflected continuing tension between the eight Community countries that are members of the Paris-based International Energy Agency and France, which alone of the Nine is not a member.

The French Minister, M. Michel d'Ornano, also appeared to feel that no new measures to forestall a future oil crisis needed to be taken at this stage, although the other countries want to progress in this direction. He repeated the French argument that the IEA energy-sharing system, if put into effect, could oblige the other eight to impose export controls against France, which would be illegal under EEC rules.

The Nine should have their own separate policy, he urged.

The Dutch delegation challenged France to specify what should be done in a future oil crisis, but received little answer other than that the difficulty should be faced as and when it occurred. The Dutch feel that, if France does not want to join the IEA, it should not try to stop the other eight from trying to make progress in the organisation.

After an inconclusive debate on alternative energy sources, the general view seemed to be that another energy council should be held towards the end of next month if possible or, failing that, in September. Mr. Benn suggested that all the Nine Governments should now put their ideas to the Commission, which would then try to work out an action programme in the common interest.

Mr. Benn declined to accept a Commission proposal that Community funds should be used to subsidise 25 per cent. of the cost of oil or gas prospecting in areas where it might not otherwise be economically viable — at least without further study. In the British North Sea sector, all available prospective areas were being concentrated in the blocks that had already been licensed, and funds should not be drawn away into more difficult areas, he argued.

His doubts were shared by the Netherlands and Ireland. The three countries may also have been put off by a further suggestion from the Commission that the other EEC members should have guaranteed access to oil or gas discovered through the use of Community funds.

There was no great enthusiasm for this proposal from the other countries, some of whom pointed out that a 25 per cent. stake in a venture was not normally considered enough to secure control.

State expects N. Sea oil deficit, Page 10

24% rise for steelworkers is agreed

BY LORELIES OLSLAGER

A 24 PER CENT. pay rise was agreed last night for some 70,000 manual workers of the British Steel Corporation, which union leaders claimed was well within the current social contract guidelines.

The deal includes a secret cost-of-living arrangement, which will now be discussed with the Government, and could well put the deal outside the contract if strictly interpreted.

The agreement is also only for a seven-month period, and will run out on January 1. This is because both the union and BSC want to bring all annual wage pacts to a "January-to-January" timescale.

The 24 per cent. includes consolidation of existing threshold payments. The "new money" rise is 14 per cent.

In striking the deal last night, leaders of the Iron and Steel Trades Confederation promised the company to help increase to £110m., from £100m., the savings necessary to avoid massive redundancies. The initial £100m. six-point cost-saving plan was agreed between BSC and all the unions represented in the company on May 19.

While negotiating last night's pay deal—the last major public-sector agreement in the current round of wage negotiations—and before a revamped social contract has been worked out—union leaders were once again told of BSC's extremely precarious financial situation. The corporation was said to be now making a loss of £4m. a week.

One reason why the part of the agreement dealing with protection against further inflation is being kept secret is because both sides want to clear it with the Government, which has to fund BSC's deficit this year. Mr. Bill Sirs, general secretary of the ISTC, said the Government might have to give the Corporation up to £800m. this year. The Government was keeping a very close watch on the corporation's expenditure.

Mr. Sirs, whose union had initially asked for a 30 per cent. pay rise and a further 1 per cent. increase for each 1 per cent. increase in the retail price index, said he thought he had got as good an agreement as possible under the circumstances.

The union had also been conscious of the fact that a new pay policy was in process of being worked out, either in the form of a new social contract or Government action aimed at reducing inflation.

The union felt it had honoured the social contract and was helping the Government, which itself had been helpful when steelworkers were fighting against BSC's threat to make 20,000 people redundant this year.

The pay negotiations, which follow a deal of around 21 per cent. concluded for some 35,000 BSC craftsmen last month, were described as having been "extremely difficult." The BSC Board and even the corporation's chairman, Sir Monty Finniston, were consulted before the final deal was made.

THE LEX COLUMN

Underwriters on the defensive

Index fell 9.9 to 303.8

So far underwriters of this year's wave of rights issues have led something of a charmed life—while picking up around £9m. of sub-underwriting fees in the process — but the storm clouds are now gathering over one or two of the more keenly priced issues. The most nervous underwriters must be those supporting BOC, which always looked to have pitched its rights somewhat finely — at only 19 per cent. under the price on the night before impact day — and has been faced with an overall decline of a tenth in the market in the subsequent fortnight. The shares are now back to the issue price—a situation also faced by Unicorn Industries among the smaller fund-raisers.

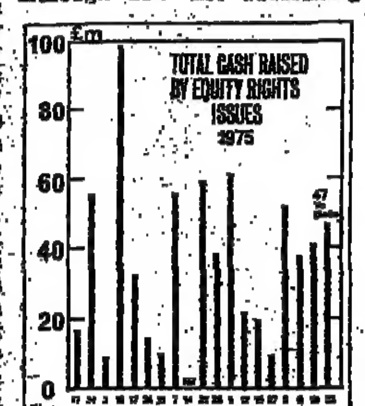
Of course, there has been enough volatility in the equity market this year to leave plenty of time for a way out. Even if a substantial proportion of an issue should stick—only 70 per cent. of Unigate's rights issue was taken up, for instance—it may still be possible to place the shares at a premium. It would be wrong to think that one failure would clobber the hopes of all the companies which have booked places in the queue. But the underwriters are getting more fussy, and issuing houses may have to give something more away in the terms (there was an obvious difference between Metal Box and Bowater this week) if they are to be absolutely sure of avoiding the embarassment of aborting an issue in public.

Meanwhile the Government Broker's queue has been quickly stretching out in recent weeks, and now reaches October (with large issues limited to two a week). The holiday period could see a few gaps, however, and there may be more of an optional character to these later bookings; recent issuers, in contrast, must have felt a certain sense of urgency when reserving post-referendum dates back in March.

ATV

Associated Television's profitable expansion into the non-TV areas of entertainment is continuing to be undermined by the problems of television contracting. So after a £900,000 drop in pre-tax profits at the half-way stage, the full year total emerges £1.52m. lower at £5.75m., and the net dividend has been cut by nearly a quarter. Profits from the ATV network fell by about £1.4m. last year from the £3.06m. of 1973-74 and the £4.02m. of the preceding year, while finance charges rose by £1.2m., mainly reflecting the increased investment in feature film production. So there was an advance in the other divisions at the trading level, notably from records and music publishing — and there not from any particular artist but from the success of a spread of performers.

There are no signs of any improvement in TV contracting profits since the end of March: although ITV net advertising



revenue rose by about a tenth in April and May, this has been eroded by cost and levy pressures. The group is looking for advances from all other divisions — notably, for example, theatres—though there is no forecast about the extent of any recovery in the current year. ATV, however, lays great stress on the returns expected to come in 1976-77 from the increased investment in film production—now approaching £15m. A total of 10 films have been completed so far, of which five have been released, with the "Return of the Pink Panther" being described as a "blockbuster" success after its first month's run in the U.S. But until these returns come through, the main attraction of the shares is the yield which despite the dividend cut is still 15½ per cent. at 40p.

See also Page 32

Racal Electronics

Racal Electronics has raised 1974-75 profits from £6.24m. to £9.55m. pre-tax—which outstrips its own (clearly conservative) mid-term forecast by £1½m. and most broking estimates by around £½m. Racal-Milgo has increased its contribution from £850,000 to £940,000 so the trend to higher margins among the main Racal operations is clear enough with turnover up by 45 per cent. at £50.2m.

The group has again moved well in mobile military communications (Manpacks) which account for something like 40 per cent. of total turnover, and once again the spectacular growth has arisen outside the U.K. and the British Army. Radio communication equipment of one form or another accounts for around 70 per cent. of group sales, and roughly the same percentage figure applies to Racal's turnover outside the U.K. Component costs stabilised towards the end of the year, and in some areas moved slightly lower as rival demand pressures from the consumer durables markets tailed off. At the same time Racal's r and d costs eased.

Plainly, the current year is going to see further sharp growth in earnings with the build-up in orders still very strong. And it begins to look as if profits of over £12m. pre-tax can be comfortably achieved. That compares with a market capitalisation of £63m. at 266p up 4p yesterday. Racal began 1974-75 with net debt well under half of tangible shareholders' funds, and at the end of 1974-75 borrowings were lower. Cover for the 1.6 per cent. yield approaches seven times.

See also Page 31

Mitchell Cotts

Mitchell Cotts' test for the capital market is a modest £4.74m. rights issue in convertible. And the offer has its attractions; the equity held steady at 58p yesterday for a conversion premium of little more than a tenth, and the conversion period extends until 1985. MC intends to use the £4.6m. net proceeds as a means of buying U.K. earnings to offset its problems in Africa, which currently centre on the nationalisation of the Ethiopian plantations (Tendaho). After ten months of 1974-75 group profits are running at £5.8m. pre-tax, and with the help of a seasonal surge over the final couple of months MC could return something like £7.6m. for the year, against £9.1m. previously.

See also Page 33

Labour names referendum rivals in delegation to Strasbourg

BY RICHARD EVANS, LOBBY CORRESPONDENT

A CAREFULLY BALANCED list of 12 MPs and six peers were yesterday confirmed as members of the Parliamentary Labour Party's delegation to the European Parliament at Strasbourg.

The delegation, which is expected to be led by either Mr. Michael Stewart, the former Foreign Secretary, or Sir Geoffrey de Freitas, a leading pro-Marketeer, will almost certainly attend the next plenary session of the Parliament from July 7 to 11. The only remaining hurdle is for both Houses of Parliament to pass the necessary resolutions.

The Commons membership, selected from 47 applicants, by Mr. Cledwyn Hughes, chairman of the PLP, and Mr. Robert Mellish, the Government Chief Whip, was altered slightly by the party's liaison committee "to achieve a better balance," and was confirmed without dissension by the full PLP last night.

The delegation has been selected partly to balance the pre-referendum pro- and anti-Market forces in the Labour Party, partly to represent geographical areas, and partly to balance Left and Right influence in the Party.

The list presented to the PLP was based on geographical areas. It is:

Mr. John Prescott (Hull East); **Mr. Guy Barnett** (Greenwich); **Mr. Michael Stewart** (Fulham); **Sir Geoffrey de Freitas** (Kettering); **Mr. John Evans** (Newton); **Mrs. G. Dunwoody** (Crewe); **Mr. Bob Mitchell** (Southampton Itchen); **Dr. Mark Hughes** (Durham); **Mr. Tam Dalyell** (West Lothian); **Mr. William Hamilton** (Central Fife); **Mr. Tom Ellis** (Wrexham); and a Government Whip, **Miss Betty Boothroyd** (West Bromwich W.).

The six Labour peers are **Lord Ardwick, Lord Bruce of Donington, Lord Castle** (husband of Mrs. Barbara Castle), **Baroness Fisher of Rednal, Lord Gordon-Walker**, the former Foreign Secretary, and **Lord Walston.**

In political terms, there are five anti-marketeers and seven pro-Marketeers among the MPs; and two pro-Marketeers, two anti-Marketeers and two uncommitted among the peers.

The leadership of the delegation will be decided at a specially convened meeting at the Commons on Monday, when a number of other issues will also be discussed. Chief among these is to confirm whether the delegation should immediately join a Socialist group or whether it should consider remaining independent.

A surprising omission from the list is the name of Lord George-Brown, who was known to be anxious to play a prominent part at Strasbourg.

Leyland scheme for participation

BY CHRISTIAN TYLER, LABOUR STAFF

BRITISH LEYLAND yesterday replied to trade union demands for worker-participation with a plan that would give employees a large measure of control over the way much of the reorganised corporation is to be run.

But it has stopped short of conceding that failure of management and workers to agree will prevent managers from making final decisions.

This is in line with the Ryder report on BL which proposed a series of consultative committees which would "seek as far as possible to reach agreement" while leaving management with the ultimate executive responsibility.

Final agreement on a scheme for industrial democracy based on the broad recommendations of the Ryder Report could depend on shop stewards' reaction to this qualification.

The plan is understood to mean that employees would be able to hammer out agreements on issues such as new models, investment, sales tactics and finance before decisions are made.

Trade union members—not full-time officials—would be presented with options to scrutinise and alter, and would not merely be consulted once management had made up its mind.

Details of the proposed working of factory and group committees covering both the car and bus and truck operations are contained in a confidential document handed to union officials yesterday.

The document sets out the Corporation's views on requests put to it at a meeting on Monday.

'Step forward'

Although he would not discuss the document, Mr. Bob Wright, executive member of the Amalgamated Union of Engineering Workers covering the motor industry, said it was "quite a step forward."

Officials and shop stewards had asked on Monday for clarification on accountability and on the degree of influence in policy-making to be given to the various committees.

British Leyland is believed to have agreed that employees will have access to management at the corporate level, which would have fewer responsibilities under the Ryder proposals.

Wage negotiation would be kept quite separate from the policymaking joint committees.

The unions will be meeting Mr. Pat Lowry, BL's industrial relations director, to draft a final document. This will be discussed at a plant conveners' meeting at which the company will be present.

The preparatory sessions were held in Hastings, where the Confederation of Shipbuilding and Engineering Unions, which embraces the motor industry, was holding its annual conference.

Bank Governor warns

BY MICHAEL VAN OS

ROTTERDAM, June 26.

MORE PEOPLE IN Britain will be thrown out of work if an effective restraint of inflation is long delayed, Mr. Gordon Richardson, Governor of the Bank of England, warned here to-day.

Besides curbing inflation, the U.K. must achieve a "basic redirection of economic activity," he said.

The country should strengthen the balance of payments and domestic investment, "at the expense, necessarily, of public and private consumption."

Mr. Richardson told the annual luncheon of the Netherlands-British Chamber of Commerce that the recession in the U.K. "hitherto less serious than in many other countries, is now deepening, at a time when recession is likely to recede elsewhere." At the same time, inflation had gone on accelerating in the U.K. well after it has turned down in most other countries, and was now running at a very high rate.

"Our inflation is now almost entirely self-inflicted; the result of domestic wage and salary increases far beyond the capacity of the economy to pay," he said.

Continued from Page 1

Mrs. Gandhi

least some time (although no Communist has been arrested).

These fears were strengthened by the fact that censorship of the Press began immediately (foreign correspondents are being asked to have their reports cleared by the Ministry of Information) and some New Delhi newspapers did not appear yesterday. Most of them have sought Mrs. Gandhi's resignation following the recent proceedings in the Allahabad High Court and the Supreme Court.

The effect of yesterday's moves in New Delhi suggest, therefore, that democratic institutions and principles will remain in abeyance until Mrs. Gandhi feels that the threat to "internal stability" is over. Obviously, she feels that the Army and police are backing her.

This inference, together with the implication that she is somewhat wary of the Army, can be drawn from her reference to the fact that "the Indian defence forces and police are disciplined and deeply patriotic and would not therefore be taken in."

Mrs. Gandhi said this in the context of her allegation that there was a deep conspiracy against her personally, combined with "the attempt to destroy democracy in the name of saving it" by inciting the police and armed forces. This allegation was not spelt out by her, but it is noteworthy that she changed the Home Secretary and the Director of Intelligence in the last two days.

The only suggestion that she was acting against all forces opposed to her was contained in the statement that "a programme of disruption has been drawn up to challenge law and order throughout the country." The Opposition strategy was, in fact, to start a "non-violent" agitation yesterday and some of its leaders had, some months ago, asked the army and police to revolt. Mr. J. P. Narayan suggested this in his call for "total revolution."

Mrs. Gandhi, who has now effectively put democratic institutions into cold storage, accused the Opposition of an attempt to destroy democracy and of making false allegations against her. "It is not important whether I remain Prime Minister or not, but the institution of the Prime Minister is very important," she added somewhat ambiguously.

Irish to subsidise bread and butter

BY OUR OWN CORRESPONDENT

DUBLIN, June 26.

SUBSIDIES on essential goods, an employment premium and a 10 per cent. surcharge on income tax were the main elements of a crisis package introduced to-day in the Parliament of the Irish Republic. The measures are designed to reduce inflation by 4 per cent. to 20 per cent. in the present year.

In the Government's second budget this year the subsidies will reduce public transport fares by 25 per cent. and return them to their level before the last increase in May.

Other subsidies are 5.5p on a loaf of bread; 10p a lb. on the price of butter to reduce it to 38p a lb.; 2p on a pint of milk, and 12.5 per cent. cut in the cost of town gas. Value added tax has been removed from clothing, footwear, electricity and heating fuels.

Mr. Richie Ryan, the Minister of Finance, said that the Government expected these reductions would help hold down inflation through a revision of the national wage agreement, which was to have given workers an average increase of about 30 per cent. over the next year.

Tax up

He said that unless the agreement is adequately modified in the coming weeks the Government would reluctantly have to consider revoking the price relief. He also warned that the rejection of his package would also imperil the institutions on which the country's existence as a free democratic nation depended.

In an effort to reduce unemployment (at present 8.5 per cent. of the working population) the Government is to introduce a temporary scheme of employment premia under which industrialists will be paid £12 a week for each new employee recruited from the register of unemployed. The plan will continue until next March, and will be reduced to £6 a week until the end of June of next year. Mr. Ryan said that the Government expected the scheme to create an extra 15,000 to 20,000 jobs.

Income-tax on taxable incomes above £1,550 is to rise from 35 per cent. to 38.5 per cent. For example, a single person earning £5,000 a year will now pay more than £100 extra.

An extra £10.5m. is being provided for house-building—£9m. for local authority housing and £1.5m. for private housing grants.

Overall, the Government is budgeting for a deficit of £241m. at the end of the year.

The Minister dismissed suggestions that a break with sterling offered an instant way out of the problems.

"Whatever advantages there might be in certain circumstances in a severance of the sterling link this could not be attained unless we first of all successfully tackled the current malaise of domestic inflation," he said.

Weather

U.K. TO-DAY

DRY WITH sunny periods. Scattered showers, mostly in the N.

London, E. and Cent. Midlands, N. England
Cloudy, becoming sunny, mainly dry. Wind N.E. moderate. Max. 21C (70F).

S.E., E. England, E. Anglia
Cloudy, becoming sunny, mainly dry. Wind N.E. moderate. Max. 20C (68F). Cooler on coasts.

Cent., S.W England, W. Midlands, Channel Isles, S. Wales
Dry, sunny periods. Wind N.E. moderate. Max 22C (72F).

N. Wales, N.W. England, Lakes
Dry, sunny. Wind N.E. light. Max. 21C (70F).

Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Dry, sunny. Wind light. Max. 20C (68F).

N.E. England
Mainly dry, sunny intervals later. Wind N.E. light. Max. 19C (66F). Cooler on coasts.

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth
Cloudy, scattered showers, becoming dry. Wind N.E. light. Max. 18C (64F). Cooler on coasts.

N.E. Scotland, Orkney, Shetland
Coudy, scattered showers. Wind N. light. Max. 15C (59F). Cooler on coasts.

N.W. Scotland
Dry, sunny. Wind N.W. light. Max. 18C (64F).

Outlook: Little change.

Lighting up: London 21.51; Manchester 22.12; Glasgow 22.36; Belfast 22.34.

Pollen count: London 102, very high. Forecast similar.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	30	86	Madrid	S	27	81
Amstrdm.	S	19	66	Manchstr.	C	17	63
Bahrain	S	23	73	Melbourne	C	14	57
Barcelona	S	35	95	Milan	S	30	86
Belfast	C	14	57	Montreal	S	24	75
Belgrade	C	24	75	Munich	F	23	73
Berlin	S	22	72	Newcastle	C	15	59
Birmghm.	S	23	73	New York	C	23	73
Bristol	S	24	75	Oslo	C	19	66
Brussels	S	19	66	Paris	S	23	73
Budapest	F	24	75	Perth	R	17	63
B. Aires	C	17	63	Prague	S	23	73
Cairo	S	35	96	Reykjavik	C	10	50
Cardiff	S	21	70	Rio de J'o	S	24	75
Cologne	S	21	70	Rome	S	26	79
Copnhagn.	S	19	66	Singapore	S	29	84
Dublin	C	15	59	Stockholm	S	22	72
Edinb'rgh	S	19	66	Strasbourg	S	26	79
Frankfurt	S	25	77	Sydney	R	13	55
Geneva	S	24	75	Tehran	S	35	95
Glasgow	S	17	63	Tel Aviv	S	27	81
Helsinki	C	11	52	Tokyo	C	25	77
H. Kong	S	30	86	Toronto	C	23	73
Jo'burg	S	15	59	Vienna	S	23	73
Lisbon	C	22	72	Warsaw	S	21	70
London	S	25	77	Zurich	F	23	73
Luxembrg.	F	24	75				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	25	77	Las Plms.	S	23	73
Algiers	S	25	77	Locarno	S	27	81
Biarritz	T	19	66	Luxor	S	39	102
Blackpool	S	16	61	Malaga	S	28	82
Bordeaux	S	29	84	Majorca	S	28	82
Boulogne	S	18	64	Malta	S	28	82
Casablnca.	S	23	73	Mexico C.	S	21	70
Cape Tn.	C	21	70	Nairobi	C	20	68
Corfu	S	31	88	Naples	F	29	84
Dubrovnik	F	30	86	Nassau	C	29	84
Florence	S	31	88	Nice	S	24	75
Funchal	F	21	70	Nicosia	S	27	81
Gibraltar	S	27	81	Rhodes	S	29	84
Guernsey	S	18	64	Salzburg	S	25	77
Innsbruck	S	25	77	Tangier	F	22	72
Inverness	F	13	55	Tenerife	F	20	68
I. of Man	F	15	59	Tunis	S	28	82
Istanbul	S	27	81	Valencia	S	26	79
Jersey	S	19	66	Venice	S	27	81

S—Sunny. C—Cloudy. F—Fine. R—Rain. T—Thunderstorm.

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